

COMPANY REGISTRATION NO. 08452281 (ENGLAND AND WALES)

**REACH2 ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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REFERENCE AND ADMINISTRATIVE DETAIL
For the Year Ended 31 August 2019

Members Jeremy King
 Roger Pryce
 Rt Reverend David Rossdale
 Peter Little

Trustees Dr Louise Askew
 Teresa Beach
 Anthony Gilbey
 Jeremy King (Chair)
 Ralph Kugler
 Sir Steve Lancashire
 Jonathan Lewis
 Wade Newmark
 Michael Peters
 Victoria Pigott
 Colin Powell
 Gavin Robert
 Clive Rockingham
 Christopher Kane (Resigned 11.12.2018)

The following trustee was appointed after 31 August 2019:
David Walker (from 1 October 2019)

Executive Leadership Team

Sir Steve Lancashire (Chief Executive Officer and Accounting Officer)
Catherine Paine (Deputy Chief Executive Officer)
Katherine Alexander (Chief Operating Officer)

Registered Office and Head Office

Reach2 Academy Trust
Henhurst Ridge Primary Academy
Henhurst Ridge
Burton-on-Trent
ENGLAND
DE13 9TQ

Company Registration Number

08452281 (England and Wales)

Independent Auditors KPMG UK
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA

Bankers Royal Bank of Scotland
3rd Floor, Houblon House
62-63 Threadneedle Street
London EC2R 8HP

Solicitors Veale Wasbrough Vizards LLP
Narrow Quay House, Narrow Quay
Bristol BS1 4QU

REFERENCE AND ADMINISTRATIVE DETAIL
For the Year Ended 31 August 2019

The REAch2 Academy Trust includes the following academies all of which have Local Governing Bodies (LGBs) Transition Boards (TBs) or Interim Executive Boards (IEBs).

Lower Farm Academy joined the Trust on 1st September 2019.

| Academy | Headteacher | Address |
|---|--|---|
| Aerodrome Primary Academy | Zoe Foulsham | Goodwin Road, Croydon CR0 4EJ |
| Beccles Primary Academy | Heather Thorne | Ellough Road, Beccles NR34 7AB |
| Brampton Primary Academy | Gemma Clarke | Brampton Road, Bexleyheath DA7 4SL |
| Burrsville Infant Academy | Katie Siggery | Craigfield Avenue, Clacton-on-Sea CO15 4HR |
| Bushbury Lane Academy | Laura Hopley (interim EHT) | Ripon Road, Bushbury Lane, Wolverhampton WV10 9TR |
| Camulos Academy | Lisa Frith-Sly | Whitmore Drive, Colchester CO4 6AL |
| Chapel End Junior Academy | Terence Sheen | Roberts Road, London, Wallhamstow E17 4LS |
| Chigwell Primary Academy | Elaine Brook (EHT) Charlotte Furia (Head of School) | Mandir Lane, Chigwell IG7 6ED |
| Civitas Academy | Salima Ducker (EHT) Mark Wieder (Head of School) | 90a Great Knollys Street, Reading RG1 7HL |
| Concordia Academy | Raheel Akhtar | Union Road, Romford RM7 0HG |
| Copperfield Academy | Simon Wood | Dover Road East, Gravesend, Northfleet DA11 0RB |
| Dorothy Barley Junior Academy | Cathy Leicester | Ivinghoe Road, Dagenham RM8 2NB |
| Eastbrook Primary Academy | Julia Sherlock | Manor Hall Road, Brighton, Southwick BN42 4NF |
| Five Spires Academy | Diane Rafferty (EHT) | Cherry Orchard, Lichfield WS14 9AN |
| Garden City Academy | Rachael Stevenson (Acting) | Radburn Way, Letchworth, Garden City SG6 2JZ |
| Green Ridge Primary Academy | Aaron Wanford | President Road, Berryfields, Aylesbury HP18 0YA |
| Gunton Primary Academy | Matthew Jordan | Gainsborough Drive, Lowestoft NR32 4LX |
| Heath Hayes Primary Academy | Amy Fidler | Wimblebury Road, Heath Hayes, Cannock WS12 2EP |
| Henhurst Ridge Primary Academy | Charlotte Hopkins | Henhurst Ridge, Branston, Burton on Trent DE13 9SZ |
| Kemsley Primary Academy | Cathryn Andrews | Coldharbour Lane, Sittingbourne, Kemsley ME10 2RP |
| Kirby Primary Academy | Charlotte Booth-Rylett | Halstead Road, Frinton-on-Sea, Kirby Cross CO13 0LW |
| Langtons Junior Academy | Elaine Brooke (EHT) Anna Thorpe (Head of School) | Westland Avenue, Hornchurch RM11 3SD |
| Lawley Village Academy | Laura Hopley | Bryce Way, Telford, Lawley Village TF4 2SG |
| Lower Farm Academy | Andy How | Milking Lane, Nuneaton CV10 0FD |
| Manor Park Primary Academy | Mark Wilson (EHT) | Church Lane, Aston, Birmingham B6 5UQ |
| Martlesham Primary Academy | Emma Churchman | Black Tiles Lane, Woodbridge, Martlesham IP12 4SS |
| Milton Court Primary Academy | Anthony Cosans | Brewery Road, Sittingbourne, Milton Regis ME10 2EE |
| Moor Green Primary Academy | Tom Twort | Moor Green Lane, Birmingham, Moseley B13 8QP |
| Newhall Primary Academy | Debbie Gaylor | Roundhouse Way, Harlow CM17 9SS |
| Northfield St Nicholas Primary Academy | Iain Owens | St Margaret's Road, Lowestoft NR32 4HN |
| Norton Canes Primary Academy | Bethan Hadley | School Road, Norton Canes, Cannock WS11 9SQ |
| Oakfield Primary Academy | Joanna Collinson (interim EHT) | Oakfield Road, Rugby CV22 6AU |
| Pemberley Academy | Sarah Rees (EHT) Neil Coster (Head of School) | Hodings Road, Harlow CM20 1NW |
| Phoenix St Peter Academy | Nadia Paczuska | Enstone Road, Lowestoft NR33 0NE |
| Purfleet Primary Academy | Eugene Samuel | Tank Hill Road, Purfleet RM19 1TA |
| Racemeadow Primary Academy | Joanna Collinson (EHT) | Ratcliffe Road, Atherstone CV9 1LT |
| Ranikhet Academy | Salima Ducker (EHT) Louisa Compton (Head of School) | Spey Road, Tilehurst, Reading RG30 4ED |
| Riverside Academy | Rebecca Payne | Newbold Road, Rugby, Newbold-on-Avon CV21 1EH |
| Robert Fitzroy Academy | Michelle Rosemond | 80 Brampton Road Croydon CR0 6JN |
| Scientia Academy | Helen Bye | Mona Road, Burton-upon-Trent, DE13 0UF |
| Silkmore Primary Academy | Jo Connelly | Exeter Street, Stafford ST17 4EG |
| Sir Martin Frobisher Academy | Debbie Gaylor (EHT) Vicky Higgins (Head of School) | Frobisher Drive, Jaywick, Clacton-on-Sea CO15 2QH |
| Springfield Primary Academy | Sasha Taylor (interim Head of School) | Springfield Road, Moseley, Birmingham B13 9NY |
| Springhill Primary Academy | Nikita Silvester-Grant (interim Head of School) | Mossbank Avenue, Burntwood, Chasetown WS7 4UN |
| Sprites Primary Academy | David Hitchin | Stonechat Road, Ipswich IP2 0SA |
| St Margaret's Primary Academy | Motuir Rahman (Acting) | Church Road, Lowestoft NR32 4JF |
| St Mark's Church of England Primary Academy | Kate Wilson | Albert Road, London, South Norwood SE25 4JD |
| Summerside Primary Academy | Nadine Lewis | Crossway, Finchley, London N12 0QU |
| The Globe Primary Academy | Luisa Gould (EHT) Yvonne Kidd (Head of School) | Irene Avenue, Lancing BN15 9NZ |
| The Limes Primary Academy | Kate Cracknell | Lime Avenue, Oulton, Lowestoft NR32 3BQ |
| The Palmer Primary Academy | Salima Ducker (EHT) Dom Prendergast (Head of School) | 70 Northumberland Avenue, Reading RG2 7PP |
| The Woodside Primary Academy | Shane Tewes | Wood Street, London E17 3JX |
| Tidemill Academy | Lorraine Stewart | 11 Giffin Street, London SE8 4RJ |
| Tymberwood Academy | Matthew Clark | Cerne Road, Gravesend DA12 4BN |
| Unity Primary Academy | Rebecca Halls and Lucy Williams (Co-Heads) | Hickory Avenue, Colchester, Greenstead CO4 3QJ |
| Veritas Primary Academy | Angela Didier (EHT) Lisa Smith (Head of School) | Weston Road, Stafford ST18 0FL |
| Water Lane Primary Academy | Sarah Rees (EHT) Charmaine Ward (Head of School) | Broadley Road, Harlow CM19 5RD |
| White Meadows Primary Academy | Luisa Gould (EHT) Rebecca Missetbrook (Head of School) | Whitelea Road, Littlehampton, Wick BN17 7JL |
| Wilshere-Dacre Junior Academy | Sarah Smith | Fishponds Road, Hitchin SG5 1NS |

TRUSTEES' REPORT

For the Year Ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Academy Trust operated 58 primary academies across the UK at 31 August 2019. Its academies had a combined pupil capacity of 20,333 and a roll of 17,680 as at the October 2019 Census date (based on 59 schools). *Capacity is based on the actual number of pupils (in Reception to Year 6) that all schools within the Trust can accommodate during the year. This will include, free schools with reduced year groups, schools who have bulge classes, temporary PAN (Published Admission Number) reductions etc. This figure will differ to the PAN shown on GIAS (Get Information About Schools Website).

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 trustees of REACh2 Academy Trust are also the directors of the charitable company for the purpose of company law. The charitable company operates as REACh2 Academy Trust.

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 amounts as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.

Trust Indemnities

In accordance with normal commercial practice, the Trust purchased insurance to provide indemnity for Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. All academies within the Academy Trust have opted into the Department of Education's academies risk protection arrangement (RPA). RPA cover applies to the central infrastructure of the Trust as well as the individual academies.

<https://www.gov.uk/guidance/academies-risk-protection-arrangement-rpa>

The RPA provides indemnity for Trustees to a maximum aggregated value of £10 million during any one membership year.

Method of Recruitment and Appointment or Election of Trustees

The management of the Trust is the responsibility of the Trustees who are appointed or co-opted under the terms of the articles of association and funding agreement. As a charitable company, the Trust has both trustees and members. The members are stated on page 1. Members provide an independent oversight of the governance of the trust with one of the core roles including the appointment of up to five trustees in accordance with the Articles.

Trustees (unless ex-officio) hold office for four years. Subject to remaining eligible, any trustee may be re-appointed or re-elected. Up to five trustees may be appointed by the Members. The Chief Executive Officer may be appointed as an ex-officio trustee. One trustee may be appointed by the Southwark Diocese of Education, with remaining trustees being co-opted by the trustees.

The recruitment and succession planning of Trustees must match REACh2 Academy Trust's vision for the next five years. The skills profile of the Board must reflect the governance needs of the Trust.

The following skills categories set out the broad range of skills, knowledge or prior experiences that is expected to be held across the Board:

- Leadership and Policy
- Education Performance and Curriculum
- Finance
- Risk and Audit
- Constitutional Governance

TRUSTEES' REPORT (continued)

- Strategic Partnerships, External Relationships and Public Relationships
- Engagements with Internal Stakeholders
- Human Resources
- Estates and Property
- Health, Safety and Safeguarding
- Change Management

The REAch2 Board requires its Trustees to have a broad range of skills and previous experiences in order to be effective in governance. The Board carries out an annual skills audit of Trustees to inform the recruitment process, using the categories above to inform decision-making. The steps towards recruiting and appointing a new trustee are set out below:

1. Create and distribute a Trustee person specification

A person specification is developed, setting out the 'Roles and Responsibilities' and desired skills / experience required of a new REAch2 Trustee – whether appointed by Members or co-opted by Trustees.

The person specification is advertised externally to create an open and transparent competition for trustee appointments. Additional information, such as the five-year strategy, may be provided to interested candidates.

2. Shortlisting and Interview

If the role is a member appointment in accordance with the Articles, at least one Member will review applications and shortlist to a preferred set of candidates.

These shortlisted candidates will then be interviewed by at least one Member and one existing Trustee. An independent interview panel member may also participate in the interview where this is considered appropriate. This interview will determine whether the candidates are suitable, against the selection criteria and any skills gaps of the Board. Candidates considered suitable for further consideration will then be invited to shadow a Trust Board meeting or relevant sub-committee meeting.

In cases of co-opted Trustees, the shortlisting and interviews are carried out by Trustees.

3. Final Selection

Prior to a formal decision on appointment to the Board, any remaining candidates may also attend a Trust board, or sub-committee meeting in an observer capacity to assess overall suitability to work well as part of the existing team of Trustees

4. Decision and appointment to REAch2 Board

For appointed Trustees, the final ratification of a potential appointment is provided by Members by ordinary resolution. Once this has been approved successful candidates can commence the REAch2 Trustee induction process.

In cases of co-opted Trustees, a vote of the Trust Board will determine final ratification, after which successful candidates can commence the REAch2 Trustee induction process.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the period under review, the trustees were in attendance at six trust board meetings. The training and induction provided for new trustees' will depend on their experience. An induction meeting is undertaken to provide training on charity, educational, legal and financial matters. It also sets out the strategy and objectives of the Trust along with the values and vision. All new trustees are given a tour of at least one of the academies in the group, and a chance to meet with staff and students. New trustees are provided with copies of the Trust policies, procedures, minutes, budgets, plans, strategy and risk framework and other documents that they will need to fulfil their role as trustees and directors of the Trust. New trustees are also required to adhere to a Code of Conduct.

On-going governance reviews and training programs are encouraged for all trustees to ensure they continue to make an effective contribution and are keeping up to date with changes in legislation. After the end of the financial year, the Trust employed a qualified company secretary to support the Trust board and provide advice on statutory compliance and matters of best governance practice. The company secretary will work with Trustees to establish learning and development needs and training requirements, including training in relation to safeguarding.

TRUSTEES' REPORT (continued)

Organisational Structure

During the period, changes to the organisational structure were proposed in order to enable further collaboration, improvement and growth; these were implemented after 31 August 2019.

From 1 September 2019 The Trust Board delegates authority to the following key groups in order to ensure the effective leadership and governance of the Academy Trust:

- Trust Board Committees populated entirely or largely by trustees (the 6 main trustee sub-committees are detailed in the Governance Statement on page 15)
- Executive leadership and management team (the Executive Team);
- Cluster Boards – these are committees that provide additional area governance for the Academies.
- Local Governing Bodies for each Academy.

The newly established Clusters fall within either the North or the South. There is a Director of Education for each of the North and South areas, with each Cluster being led by a Deputy Director of Education.

The relationship between the Trust Board and the Executive Team, the Cluster Boards and the Local Governing Bodies is characterised as a partnership to realise a common vision and a common purpose. In the case of the Cluster Boards and the Local Governing Bodies the relationship between the three tiers of governance is also based on the principles of:

- no duplication of governance.
- governance should be as close as possible to the point of impact of decision-making.
- Risk Management will become a key feature of Cluster Boards' activities as well as being integrated fully across all layers of governance including at Local Governing bodies.

The Terms of Reference and the Roles and Functions Overview provides clarity as to who the decision makers are for different levels of decisions. Effectiveness of both management and governance is supported through clarity over who holds the decision-making responsibility and who supports and advises the decision makers.

The Trust Board remains ultimately responsible for the Academy Trust and the conduct of the Academies. The operation of the various elements of governance are crucial to the success of the group. However, there will be circumstances (more the exception than the norm) where the Trust Board might need to intervene and, for example, withdraw delegated authority for a particular element of governance.

In such circumstances, the Trust Board, along with the Executive Team, would work closely with any Academies concerned and those involved in their governance who would be expected to promptly implement any advice or recommendations made by the Trust Board and the Executive Team. The Trust Board reserves the right to review or remove any power or responsibility which it has delegated, in particular, in circumstances where serious concerns in the running of an Academy (or Academies) are identified, including where:

- there are concerns about financial matters;
- insufficient progress is being made against educational targets (including where intervention by the Secretary of State is being considered or carried out);
- there has been a breakdown in the way the Academy is managed or governed; or
- the safety of pupils or staff is threatened, including a breakdown of discipline.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of REAch2 Academy Trust are the Trustees' and the Executive Leadership team shown on Page 1. When considering and setting salary levels across the trust a clear set of principles were identified to ensure transparency. In order to ensure fairness and equity throughout the organisation it was proposed that job roles should be banded relative to the average newly qualified teachers starting salary. The highest paid role will not exceed ten times that of a newly qualified teacher. In the academic year 2018/ 19 the average annual salary of a newly qualified teacher across the trust was £26,460

An annual benchmarking exercise takes place covering the more senior roles which is reviewed by the remuneration committee. The Remuneration Committee refers to three comparators to assess the proportionality of salary levels across the Trust at the executive level: comparison within the Trust; comparison within the education sector (in particular other multi academy trusts); and comparison with similar sectors. Any recommendation from the remuneration committee is taken to the Trust Board for final sign off. The Remuneration Committee is a sub-committee of the Trust Board and was chaired by Ralph Kugler during the year. The Remuneration committee is constituted by representatives from each of the Risk & Audit committee, Finance Committee, HR Committee, Education Committee as well as the Chair of the Trust.

TRUSTEES' REPORT (continued)

Trade union facility time

| | | |
|---|--------------------|---|
| 1. Relevant Union Officials: No. of employees who were relevant union officials during the relevant period 01/04/18 to 31/03/19 | 7 FTE (5.5 FTE) | Comments: Percentage of total workforce (7/3215)*100 = 0.2177294% |
| 2. Percentage of time spent on facility time | | |
| Percentage of time | No of Employees | |
| 0% | 5 | |
| 1-50% | 2 | |
| 51-99% | | |
| 100% | | |
| 3. Percentage of pay bill spent on facilities time | | |
| Total cost of facilities time | £39,171.11 | Includes costs of TU facility time and TU pooling costs paid to LA's etc. |
| Total Pay bill | £76,352,621 | Total R2 pay bill |
| Percentage of total pay bill spent on facilitytime calculated | 0.05% | |
| 4. Paid trade union activities | | |
| Time spent on paid trade union activities as a percentage of total paid facilities time hours calculated as: Total hours spent on paid TU activities by TU official during period/total paid facilitytime hours x 100% | >0% | |

Related Parties and other Connected Charities and Organisations

REAch2 Academy Trust has strong collaborative links with Reach South Academy Trust. This relationship is defined through a Memorandum of Understanding that both Trusts approved.

Peter Little a member of REAch2 Academy Trust was, until 8 April 2019, also a member of Reach South Academy Trust. Sir Steve Lancashire a Trustee of REAch2 Academy Trust, was also a Trustee of Reach South Academy Trust until 9 July 2019.

While the Trusts are separate and independent legal entities, they share a common brand and set of values with a declared intent to work in collaboration to the mutual benefit of the MATs. The Memorandum of Understanding sets out how the Trusts would positively cooperate and how that cooperation would be governed.

The strength of the partnership across both Trusts will enable a Reach education. Whilst REAch2 was incorporated as a primary only Trust, Reach South are sponsors of primary, secondary, special and all through education enabling a Reach education across the UK.

REAch2 Inspiration Ltd is wholly owned subsidiary of REAch2 academy Trust. REAch2 Inspiration Ltd fully complies with the provision of services "at cost" principle, as any surpluses generated by the company would belong to the Multi Academy Trust. The purpose for establishing REAch2 Inspiration Ltd is to allow a supply of the highest quality 'in house' services, at a low cost to our academies, ensuring budgets are optimised to benefit the education of children within REAch2 Academies and hence providing best value.

TRUSTEES' REPORT (continued)

Objects and Activities

Objects and Aims

The principle object and activity of the charitable company is to advance education for the public benefit in the UK, by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced education for primary pupils of all abilities in the UK.

In setting out the trust objectives, consideration has been given to the Charities Commission guidance in respect of public benefit when reviewing the aims and objectives of academies (see 'Public Benefit' section below)

In accordance with the articles of association the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy. The scheme of government specifies, amongst other things, that the academies will be at the heart of their communities promoting community cohesion and sharing facilities; the basis for admitting students to the Academies, that the curriculum should be broad and balanced; there will be an emphasis on the needs of the individual pupils including pupils with special educational needs (SEN).

Objectives, Strategies and Activities

Our mission is to run "Great Schools". Some of our schools can already be described in this way, but we want every school in our family to aspire to this and for this to become the reality for every single one of our pupils.

To do this, over the next three years everything we do will be driven by the following goals:

- Truly Exceptional Performance
- Distinctive Contribution
- Enduring Impact

Truly Exceptional Performance

To become an exemplary provider of primary education, creating and upholding our "above and beyond" performance standards.

As a system leader to contribute to government policy and lead on sector improvement.

Distinctive Contribution

All schools have an educational offer defined by aspiration, enrichment and opportunity that provides social, personal and cultural capital.

In REACh2 schools' children develop distinctive characteristics which prepare them for a brighter future.

Enduring Impact

We are the destination of choice as the UK's best provider of primary education

By becoming a dynamic part of the social fabric, we drive the transformation of socially disadvantaged communities

The Trust is an efficient and effective organisation with fit for purpose systems and processes that deliver on Truly Exceptional Performance and Distinctive Contribution.

Public Benefit

In setting the objectives, the Trustees confirm that they have complied with their duty to have due regard to the suite of guidance on public benefit published by the Charity Commission in exercising their duties in applying the requirements of section 17 of the 2011 Charities Act and the requirements relating to annual reporting within the Charities (Protection and Social Investment) Act 2016.

This has been considered when reviewing the Academy Trusts' aims and objectives (outlined earlier) and in planning any future activities.

The key public benefit delivered by the trust is the provision of continued high-quality education to its pupils, which will be evidenced from feedback from external assessments.

TRUSTEES' REPORT (continued)

The catchment area now spans across 18 Local Authorities from Burton-on-Trent to Brighton – including (not exclusively) the Midlands, London and the South East, the South Coast, East Anglia, West Sussex, Suffolk, Staffordshire, Hertfordshire and Warwickshire. The Trust is committed to outreach and engagement within each local community where it operates and enables very small local and/or rural primary schools to join the trust and continue in viable operation where this might not have otherwise been possible for a local community. The Trust has supported small schools and made them economically and educationally viable, improving outcomes for children and closing gaps for some of the most disadvantaged. The Trust supports strong cluster structures allowing sharing of expertise between schools and also shares expertise, experience and practice of what has worked well with other Multi-Academy Trusts and peers across the education sector.

The Trust aims to make a real difference to the lives and life chances of as many primary school children as possible, many of whom have not previously received the educational opportunities subsequently provided by the Trust. In particular, the Trust's 11B411 programme aims to make available to its 19,000 children in the Trust, a programme of activities and life experiences that many children in the Trust will not have had access to in their backgrounds or been previously able to access. The Trust is committed to fundraising for this programme as part of its ongoing commitment to place the importance of childhood and the whole child firmly alongside the commitment to high-quality learning and academic outcomes.

Strategic Report Achievements and Performance

| 2019 Results | | | | | | | | | | | | | | | | | |
|-------------------------------------|--------------|--------------------------|------------|--|---------|---------|-------|--------------------------------------|------------------------|----------------------|----------------|--|-------|-----------------------------|----------------|---------|------------|
| Academy Name | Academy Type | Current Ofsted Judgement | Attendance | Key Stage 2 (Year 6) Expected Standard % | | | | Key Stage 2 (Year 6) Progress Scores | | | | Key Stage 1 (Year 2) Expected Standard % | | | Phonics | | EYF5 GLD % |
| | | | | RWM Combined | Reading | Writing | Maths | Reading Progress Score | Writing Progress Score | Maths Progress Score | Reading | Writing | Maths | Year 2 Phonics (Cumulative) | Year 1 Phonics | | |
| National | | | | | | | | | | | | | | | | | |
| Aerodrome Primary | Converter | Good | 95.9% | 73% | 78% | 79% | 83% | 4 | 1.6 | 4.6 | 79% | 76% | 75% | 78% | 82% | No Data | 75% |
| Beebles Primary | Sponsored | Requires Improvement | 94.2% | 69% | 71% | 80% | 77% | 1 | 2.3 | 0.1 | 71% | 64% | 71% | 79% | 83% | 85% | 70% |
| Brampton Primary | Converter | Good | 96.9% | 83% | 90% | 79% | 79% | -1.1 | 0.6 | -1.8 | 74% | 71% | 73% | 95% | 84% | 85% | 72% |
| Burrville Infant | Sponsored | Good | 96.2% | 59% | 68% | 75% | 75% | | | | 74% | 65% | 76% | 93% | 88% | 72% | 72% |
| Bushbury Lane | Sponsored | Not yet inspected | 95.7% | 43% | 50% | 68% | 57% | -2 | -1.8 | -3.2 | 55% | 58% | 61% | 81% | 79% | 68% | 68% |
| Camulos | Sponsored | Good | 96.0% | 50% | 75% | 81% | 75% | -2.3 | -4.6 | -4.6 | 86% | 63% | 73% | 97% | 81% | 74% | 74% |
| Chapel End Junior | Sponsored | Good | 96.3% | 64% | 77% | 87% | 70% | -1.7 | 0.7 | -1.5 | 80% | 80% | 80% | 97% | 81% | 74% | 74% |
| Chigwell Primary | Sponsored | Good | 96.5% | 71% | 76% | 83% | 81% | 0.8 | 1.8 | 2.1 | 80% | 72% | 72% | 95% | 89% | 84% | 84% |
| CINZAS | Sponsored | Good | 94.1% | | | | | | | | 66% | 64% | 78% | 86% | 86% | 69% | 69% |
| Concordia | Free school | Outstanding | 95.7% | 36% | 48% | 64% | 44% | -3.9 | -2.8 | -4.8 | 86% | 72% | 72% | 97% | 93% | 77% | 77% |
| Copperfield | Sponsored | Inadequate | 94.1% | 55% | 63% | 76% | 71% | -1.1 | 0.5 | -1.3 | 77% | 77% | 80% | 93% | 87% | 80% | 80% |
| Dorothy Barley Junior | Sponsored | Good | 95.6% | 68% | 87% | 80% | 82% | 1.3 | -0.2 | 1.8 | 78% | 70% | 72% | 95% | 85% | 71% | 78% |
| Eastbrook Primary | Sponsored | Outstanding | 95.7% | 68% | 87% | 80% | 82% | 1.3 | -0.2 | 1.8 | 78% | 70% | 72% | 95% | 85% | 71% | 78% |
| Five Spires | Sponsored | Good | 96.6% | 73% | 83% | 77% | 83% | 4.5 | 3.2 | 4.4 | 80% | 71% | 83% | 100% | 86% | 72% | 72% |
| Garden City | Sponsored | Good | 95.3% | 79% | 83% | 77% | 83% | 4.5 | 3.2 | 4.4 | 80% | 71% | 83% | 100% | 86% | 72% | 72% |
| Green Ridge Primary | Free school | Not yet inspected | 96.4% | 80% | 86% | 86% | 80% | 0.6 | 0.9 | -0.5 | 76% | 72% | 80% | 93% | 82% | 73% | 73% |
| Hearth Hayes Primary | Sponsored | Good | 95.4% | 66% | 69% | 83% | 79% | -1.5 | 0.2 | -0.8 | 83% | 70% | 87% | 96% | 84% | 79% | 76% |
| Heath Hayes Primary | Sponsored | Good | 96.5% | 66% | 69% | 83% | 79% | -1.5 | 0.2 | -0.8 | 83% | 70% | 87% | 96% | 84% | 79% | 76% |
| Hennur Ridge Primary | Free school | Not yet inspected | No Data | | | | | | | | Reception only | | | | | | 84% |
| Kemsley Primary | Sponsored | Good | 95.5% | 77% | 87% | 77% | 87% | 2.6 | 0.9 | 0.5 | 79% | 79% | 86% | 93% | 77% | 73% | 73% |
| Kirby Primary | Sponsored | Good | 95.5% | 42% | 48% | 71% | 65% | -2.7 | 0.8 | -1.9 | 76% | 72% | 83% | 93% | 81% | 76% | 76% |
| Langtons Junior | Sponsored | Good | 96.0% | 70% | 76% | 83% | 82% | -1.3 | 0.3 | -1.6 | 84% | 84% | 88% | 100% | 88% | 90% | 90% |
| Lawley Village | Sponsored | Good | 95.8% | 54% | 64% | 73% | 73% | 3.7 | 5.1 | 4 | 61% | 45% | 59% | 84% | 81% | 71% | 71% |
| Manor Park Primary | Sponsored | Good | 95.9% | 75% | 88% | 81% | 81% | 1.6 | -1 | -1.5 | 83% | 81% | 75% | 94% | 100% | 78% | 78% |
| Martlesham Primary | Sponsored | Good | 96.6% | 54% | 57% | 75% | 75% | -2.2 | 0.6 | -1.8 | 73% | 73% | 80% | 90% | 70% | 71% | 71% |
| Milton Court Primary | Sponsored | Good | 95.1% | 54% | 57% | 75% | 75% | -2.2 | 0.6 | -1.8 | 73% | 73% | 80% | 90% | 70% | 71% | 71% |
| Moor Green Primary | Sponsored | Outstanding | 94.4% | 79% | 81% | 85% | 83% | 3.4 | 2.5 | 1.5 | 71% | 71% | 71% | 98% | 90% | 76% | 76% |
| Newhall Primary | Free school | Not yet inspected | No Data | | | | | | | | Reception only | | | | | | 74% |
| Northfield St Nicholas Primary | Sponsored | RI | 95.8% | 49% | 53% | 71% | 68% | -3 | -0.5 | -2.4 | 68% | 67% | 67% | 100% | 81% | 71% | 71% |
| Norton Caves Primary | Sponsored | Good | 95.3% | 53% | 63% | 69% | 72% | -5.5 | -4.3 | -4.4 | 50% | 57% | 56% | 87% | 87% | 69% | 69% |
| Oakfield Primary | Sponsored | Good | 95.4% | 65% | 75% | 68% | 77% | -0.7 | -0.6 | 0 | 68% | 57% | 71% | 88% | 85% | 75% | 75% |
| Pemberley | Sponsored | Good | 96.0% | 65% | 75% | 77% | 77% | -0.7 | -0.6 | 0 | 83% | 73% | 83% | 100% | 80% | 76% | 76% |
| Phoenix St Peter | Sponsored | RI | 95.0% | 45% | 55% | 68% | 64% | 1.4 | 4.3 | 0.3 | 75% | 66% | 80% | 95% | 84% | 75% | 75% |
| Purfleet Primary | Sponsored | Good | 94.0% | 74% | 75% | 79% | 81% | -0.2 | -0.6 | -0.2 | 74% | 64% | 74% | 99% | 88% | 74% | 74% |
| Racemeadow Primary | Sponsored | Good | 95.0% | 62% | 70% | 72% | 76% | 1 | 0.5 | 0.3 | 72% | 65% | 74% | 98% | 86% | 76% | 76% |
| Ranikhet | Sponsored | Inadequate | 94.5% | 51% | 57% | 71% | 69% | 1.2 | 1.4 | -0.8 | 64% | 64% | 64% | 86% | 78% | 77% | 77% |
| Riverside | Sponsored | Good | 96.0% | 77% | 80% | 83% | 80% | -0.6 | 0.4 | 0 | 77% | 77% | 80% | 90% | 83% | 70% | 70% |
| Robert Fitzroy | Sponsored | Good | 96.8% | 50% | 62% | 72% | 65% | 0 | 1.1 | -1.5 | 69% | 68% | 69% | 92% | 85% | 70% | 70% |
| Scientia | Sponsored | Good | 95.9% | 75% | 75% | 85% | 85% | -0.5 | 0.6 | -0.1 | 82% | 70% | 80% | 95% | 90% | 75% | 75% |
| Silkmere Primary | Sponsored | Outstanding | 94.2% | 73% | 77% | 77% | 73% | 1.3 | 2.4 | -1.7 | 77% | 70% | 71% | 93% | 86% | 74% | 74% |
| Sir Martin Froisher | Sponsored | RI | 93.3% | 59% | 62% | 65% | 49% | -0.2 | 2.1 | -2.3 | 51% | 51% | 51% | 51% | 51% | 61% | 61% |
| Springfield Primary | Sponsored | Not yet inspected | 93.8% | 56% | 61% | 75% | 75% | 0.9 | 0.5 | 0.9 | 59% | 51% | 58% | 86% | 85% | 64% | 64% |
| Springhill Primary | Sponsored | Good | 94.7% | 59% | 68% | 73% | 82% | -2.7 | -2.1 | -3 | 81% | 76% | 76% | 95% | 82% | 67% | 67% |
| Sprites Primary | Sponsored | Inadequate | 95.4% | 48% | 54% | 68% | 64% | -5.7 | -4.3 | -5.7 | 40% | 33% | 29% | 75% | 65% | 67% | 67% |
| St Margaret's Primary | Sponsored | RI | 93.9% | 59% | 67% | 74% | 69% | -1.4 | -1.9 | -2.2 | 65% | 60% | 60% | 95% | 90% | 70% | 70% |
| St Mark's Church of England Primary | Sponsored | Good | 95.1% | 41% | 59% | 73% | 55% | -2.2 | 1 | -1.9 | 58% | 50% | 50% | 88% | 76% | 70% | 70% |
| Summerside Primary | Sponsored | Not yet inspected | 95.2% | 70% | 74% | 85% | 88% | 3.1 | 5.2 | 7.3 | 71% | 61% | 88% | 93% | 81% | 66% | 66% |
| The Globe Primary | Sponsored | Good | 95.6% | 57% | 68% | 75% | 68% | 1.1 | 1.9 | -1 | 76% | 64% | 77% | 97% | 75% | 82% | 82% |
| The Limes Primary | Free school | Not yet inspected | No Data | | | | | | | | Reception only | | | | | | 77% |
| The Palmer Primary | Sponsored | Good | 94.7% | 53% | 55% | 69% | 74% | -0.6 | 0.4 | 0.7 | 69% | 62% | 75% | 91% | 75% | 73% | 73% |
| The Woodside Primary | Sponsored | Outstanding | 94.3% | 72% | 76% | 75% | 86% | 3 | 4.8 | 2.8 | 80% | 71% | 80% | 94% | 83% | 70% | 70% |
| Tidemill | Converter | Outstanding | 96.9% | 68% | 79% | 86% | 86% | 2.9 | 4 | 5.8 | 74% | 70% | 79% | 94% | 83% | 67% | 67% |
| Timberwood | Sponsored | Good | 94.1% | 81% | 86% | 84% | 86% | 1.8 | 1.8 | 3.4 | 67% | 67% | 72% | 86% | 80% | 75% | 75% |
| Unity Primary | Sponsored | Good | 94.2% | 64% | 70% | 74% | 85% | 2.3 | -1.2 | 2.5 | 66% | 62% | 69% | 90% | 76% | 65% | 65% |
| Varitas Primary | Sponsored | Good | 96.0% | 70% | 80% | 83% | 87% | -0.8 | 0.4 | -0.6 | 84% | 73% | 80% | 93% | 85% | 73% | 73% |
| Water Lane Primary | Sponsored | Good | 95.0% | 71% | 79% | 79% | 79% | 2.6 | 3.3 | 0.4 | 75% | 75% | 82% | 91% | 75% | 70% | 70% |
| White Meadows Primary | Converter | Good | 94.7% | 71% | 79% | 79% | 83% | 1 | 0.5 | 0.4 | 81% | 69% | 81% | 93% | 76% | 66% | 66% |
| Wilshere-Dacre Junior | Sponsored | Good | 96.0% | 72% | 77% | 88% | 82% | -2 | 0 | -2.4 | 82% | 64% | 77% | 97% | 75% | 66% | 66% |

TRUSTEES' REPORT (continued)

The following is a summary of the 2019 results

In Key Stage 2

- 63% of REAch2 children achieved the expected standard in Reading, Writing and Maths (RWM). An improvement of 3 percentage points (ppt) from 2018 – three times the national improvement of 1 ppt.

Considering the three subjects separately;

- **Reading** – 70% of children achieved the expected standard compared to 70% in 2018
- **Writing** – 77% of children achieved the expected standard compared to 75% in 2018
- **Maths** – 75% of children achieved the expected standard compared to 75% in 2018

In Key Stage 1

- **Reading** – 72% of children achieved the expected standard compared to 73% in 2018
- **Writing** – 65% of children achieved the expected standard compared to 67% in 2018
- **Maths** – 72% of children achieved the expected standard compared to 75% in 2018
- **Year 2 Phonics** – 91% of children achieved the expected standard compared to 93% in 2018

In Year 1 Phonics

- 81% of Year 1 children achieved the 32-point score standard in phonics compared to 81% in 2018.

In Early Years

- 73% of EYFS children made a good level of development (GLD) compared to 70% in 2018.

The estimated Trust progress scores are as follows:

- Reading: **0.1** (2018, -0.4)
- Writing: **0.9** (2018, 0.2)
- Maths: **0.0** (2018, -0.2)

There is an improvement in all three subjects from 2018 and the Trust is positive in its progress outcomes.

In September 2018, 68% of REAch2 schools inspected overall were judged to be good or outstanding.

With 20 inspections in the last 12 months 85% of REAch2 schools inspected are judged to be good or outstanding by Ofsted.

TRUSTEES' REPORT (continued)

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Trustees have approved a growth plan over the next 3 years, under the new Reserves Policy detailed below. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

During the period, ESFALA grants totalled to £96,290k (2018: £92,545k). Other income included within the restricted funds totalled to £2,393k (2018: £2,047k). The restricted fund expenditure totalled to £105,578k (2018: £101,689k).

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to a particular purpose. The grants received from the ESFA during the 12-month period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions continue to increase for the foreseeable. The Trust balance sheet and cash flow are in line with budgeted outcomes.

The Trust has appointed a Chief Operating Officer (COO) and also a separate Head of Finance. The Chief Operating Officer has been reviewing the financial policies, processes and controls with an ongoing review of systems used in supporting financial management. All schools are required to produce monthly financial reports that are reviewed at all levels of Governance. These are compared against the budget submitted to the ESFA and reforecasts undertaken when required. Any school that is presenting financial challenges are escalated to the Chief Operating Officer who, along with Trustees will work on a five-year strategic plan to ensure the schools financial viability.

On an annual basis the finance committee receive, and review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the strategic aims of the Trust.

The assets were used exclusively for providing education and the associated services to the pupils of the academies. The deficits in the Local Government Pension Schemes (LGPS) are recognised on the balance sheet in accordance with the provision of FRS102

Reserves Policy

Reserves form part of the cash balance for each school. The total cash balance across all schools is managed centrally and invested prudently in interest earning bank accounts. The interest earned is passed back to schools based on their average cash balance.

During the year revisions to the reserves policy were consulted on and implemented to take effect from September 2019. The new policy was developed within a culture of financial management that aimed to be open, fostering positive relationships and ensuring the Trust's aims into the future are delivered. Reserves are split into three categories: Core reserves to include the minimum reserve of money that the Trust requires as a financially sustainable organisation, contingency reserves to cover unforeseen operational costs and investment reserves for longer-term strategic planning purposes as part of the Trust's resilience and continued ability to deliver exceptional opportunities for all children within the Trust.

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst in keeping with the principle object of the academy.

In relation to core reserve, and after a period of consultation the Trust have proposed that the amount is set at 7% of GAG income (this equates to approximately just over 2 weeks of operating expenditure). Core reserves are agreed on a school by school basis and recorded in each school's balance sheet. In relation to contingency reserve, it is recommended that schools account for at least 1.5% of a school's income. In relation to investment reserve, this will be linked closely to each school's development plan, but it has been suggested that this be between 1 – 5% of the school's income annually.

TRUSTEES' REPORT (continued)

Total reserves at the end of the period amounted to £227,597k. This balance includes unrestrictive funds (free reserves) of £2,960k which is considered sufficient for the academy trust, and restricted funds excluding pension and fixed assets of £531k.

Within the reserves policy users should note that, because of accounting for Local Government Pension Scheme (LGPS), the academy recognises a significant pension fund deficit totalling £46,045k. This deficit is included in restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there was a pension surplus included in the restricted funds this would not create an immediately realisable asset that can be released straightaway and expended for the specific purpose of that fund.

Users should note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect of the academy trust in the form of an increase or decrease in employers' pension contributions over a period of years.

The academy trust thus takes this fact into account when reviewing current business plans and budgets and ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the academy trusts budgeted annual income, whilst the deficit may not be eliminated there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the academy trust due to the recognition of the deficit.

Investment Policy

During the year, the Trust agreed to invest surplus balances in a new bank deposit account in order to achieve a better rate of return. The choice of bank deposit account was made after a risk analysis was carried out on banks – with a view to improving the rate of return in a risk averse manner. No long-term investments are held by the trust.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principle risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cashflow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

The academies Risk Registers and the Trusts' approach to risk have been comprehensively reviewed during the financial year. Changes to the risk strategy are to be implemented from 1 September 2019 ensuring that risk remains a focus area and key priority for the Trust. The Trust has articulated 8 key high-level strategic areas of risk including Health and Safety, Safeguarding, Quality of Education, Leadership and Management, Personal development, behaviour and attitudes, People, Financial Sustainability, Operational and Legal or Regulatory Requirements as the key areas for the new risk management framework for the Trust. The rollout of the new risk strategy will be a pilot for the academic year with a constant process of review and feedback.

Systems and procedures have been established to mitigate the risks each academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Trustees have assessed the major risks to which the Academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. During the first term, key stakeholders including a representative from academies Local Governing Body, Headteachers and School Business Managers and key central staff members will receive training in the new risk framework. The key risks on the Academies risk registers will be considered at every Local Governing committee meeting.

Trustees have implemented a number of systems to assess risks that each school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finances. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk.

A material risk for the academy trust in relation to the defined pension scheme has been mitigated as parliament has agreed at the request of the Secretary of State for Education to guarantee that in the event of an academy closure outstanding LGPS pension scheme liabilities would be met by the Department of Education. This guarantee came into force on 18 July 2013.

The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff, visitors and its pupils.

TRUSTEES' REPORT (continued)

Fundraising Practices

The Trust expects schools to carry out effective fundraising activities, including raising money through voluntary PTA events. To ensure compliance with the Charities Act 2016 fundraising rules in the Charities (Protection and Social Investment) Act 2016 the Trust follows Institute of Fundraising guidelines and the Code of Fundraising Practice and ensures that schools follow the standards, particularly in relation to fundraising activities requiring closer safeguarding and the Institute of Fundraising guidance on fundraising with children.

In order to assist schools with income generation the Trust engaged with a commercial partner during the year to focus on securing commercial partnerships, and to identify potential grants and assist with applications. The Trust and individual schools retain full control of these processes, which are subject to ongoing scrutiny and review. To date, no complaints have been received about fundraising practices.

During 2019/20 and as part of the five-year strategic plan to 2022, the Trust expects to be successful in more grant applications than previously and bring in commercial sponsorship to assist with the full implementation of the 11 before 11 strategy. From September 2019 the Trust has access to guidance and support in fundraising compliance from a member of the Institute of Fundraising on the Trust's central staff team.

Plans for Future Periods

During the previous year, the trust undertook an internal review of Business and has implemented a significant change in the way in which it is set up internally. This was born out of an internal review of Governance, led by the governance steering group and an organisational efficiency review.

As an outcome, the trust is moving from its current model of Four regions into Ten clusters with effect from 1st September. The decision around the move is in response to recognising the success of our schools and their journey from sponsored schools with only 17% of school being judged to be 'Good or Outstanding' to now 85% being judged 'Good or Outstanding'. A key driver for this model is having high quality educationalist in post to deliver on the vision. The geographical challenge and the planned expansion saw an opportunity to continue to work at scale whilst supporting fewer schools and continuing to drive up educational standards. The drivers for Cluster optimisation will see a number of benefits including

- The opportunity to impact on more pupils' lives and continue the success of turning around underperforming/failing primary schools.
- To optimise the new organisational model to enable each cluster to deliver its full potential in meeting the objectives of the REAch2 five-year plan.
- The cluster model and introduction of a new staffing structure is able to provide additional scrutiny and challenge to up to eight schools.
- Line management responsibility is no longer stretched, work load and wellbeing issues are being addressed. With succession planning being considered across all levels of the organisation. In addition, capacity is being realised via our schools through SLEs and LLEs which reduces the need for external consultants. In addition, utilisation and sharing of resources between schools within the clusters will release further capacity in our schools and provide more professional development opportunities in clusters which have a strong profile.

Over the next three years, there is a target to get to 80 Primary schools, fully optimising each cluster to its full potential.

The new model has seen the identification of a new role, known as the Deputy Director of Education who is responsible for Educational outcomes across the schools within the cluster.

Operationally, services are working towards a model which looks at supporting schools in a different way. The move towards a three-tier support model leverages the current support function whilst providing a more responsive and targeted approach to schools.

In addition, ongoing work with schools who are supported by the REAY6 Strategy (Raising Educational Achievement in Year 6) will continue to see standards rise across KS2 outcomes, work is continuing to narrow the gap between the National KS2 outcomes and some of our underperforming schools.

The Trust has set out four key performance indicators which it will be working towards during the academic year.

1. The end of year outcomes across all key stages are at or above the national average.
2. Of the REAch2 schools that are due to be inspected, we expect the overall judgement to be 86% of schools are judged good or outstanding.

TRUSTEES' REPORT (continued)

3. REAch2 continues to be financially sustainable by ending the year in line with budgeted outcome and the expected outcomes are in line with the budget submission to the ESFA.
4. Through the launch of the REAch2 Trust Development Plan, organisational efficiency is delivered through high quality systems, strategies, processes and procedures.

These will be measured and reported against in the next academic year.

Employees and Disabled Persons

REAch2 Academy Trust strives to ensure that no employee or potential employee will receive less favourable treatment due to disability. The Trust has an equal opportunities policy in place which applies to all selection and recruitment procedures and operates within the context of the Equality Act 2010. Applicants are asked to complete and return the equal opportunities monitoring form separately from their application. Applicants are encouraged to disclose any disability at the application stage. REAch2 will explore jointly with a candidate whether there are any ways a job can be changed to meet specific requirements related to a disability.

Where adjustments are required in order for a disabled applicant to attend for interview, these are made in discussion with the applicant by a HR representative. As part of the post recruitment process and following any pre-employment occupational health advice, reasonable and practical adjustments for employees with disabilities are made in discussions with the Line Manager and/or a HR Representative or and the employee.

Where an employee becomes disabled, assessment is made of the requirements with advice from occupational health and any adjustments required implemented. At the date of the signing of this annual report, the Trust is actively in the process of finalising a disability leave policy.

The Trust treats all employees equally and fairly in relation to career development, ensuring fair access to development opportunities with the aim of giving every employee an active personal development plan.

REAch2 is a Real Living Wage employer and details of the latest Gender Pay Gap report can be found on the website at <http://reach2.org/gender-pay-gap-report-2019/>

The Trust has in place a number of detailed personnel policies and is continually in the process of developing these further through engagement and consultation with unions and stakeholders. A National Recognition agreement is in place with trade unions and all policies are reviewed by national unions before approval by the Trust Board and publication.

The Trust commenced work on a new wellbeing strategy in August 2018 and a new health and safety forward plan was published in the 2018 – 2019 academic year – both with input from representatives from schools and the central team.

Funds held as custodian trustee on behalf of others.

The Academy Trust and its Trustees did not act as a custodian trustee during the current or previous period. Trustees do not anticipate that the Trust will in the future hold any funds as custodian for any third party.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2019 and signed on the board's behalf by:

Jeremy King

Chair of Trustees

GOVERNANCE STATEMENT
For the Year Ended 31 August 2019

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that REAch2 Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between REAch2 Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weakness 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 six 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 |
|-----------------------------------|-------------------|-------------------|
| Jeremy King - Chair | 6 | 6 |
| Gavin Robert – Vice Chair | 6 | 6 |
| Colin Powell | 3 | 6 |
| Michael Peters | 3 | 6 |
| Victoria Pigott | 1 | 6 |
| Dr Louise Askew | 4 | 6 |
| Tony Gilbey | 4 | 6 |
| Clive Rockingham | 3 | 6 |
| Chris Kane* | 0 | 1 |
| Ralph Kugler | 5 | 6 |
| Teresa Beach | 6 | 6 |
| Wade Newmark | 5 | 6 |
| Jonathan Lewis | 2 | 6 |
| Sir Steve Lancashire (ex-officio) | 6 | 6 |

(* /+ denotes trustees who joined or left during the reporting year)

During the last reporting period, trustees undertook a self-evaluation review of governance. The findings of this review led to the establishment of a new Governance Steering Group within the Trust chaired by Louise Askew. The ongoing review of governance within the Trust has resulted in:

- A change of governance structure aligned to the new operating model was approved to be implemented during the academic year. This work has been undertaken alongside the Trust board's risk steering group and will be fully implemented in early 2020. Instead of regional boards, the Trust has created cluster boards which will meet once a term. Risk management will become a key feature of cluster board activities.
- a review of the current terms of reference for each Trust Board Committee to ensure governance is effective across the Trust as well as plans to develop more detailed schedules of business and meeting cycles and template agendas across the trust.

GOVERNANCE STATEMENT (continued)

- An appointment of a qualified chartered secretary to the newly created post of Company Secretary in September 2019 to oversee and maintain outstanding standards of corporate governance across the trust. The Company Secretary will act as advisor to the board and the Chair ensuring trustees receive full support in fulfilling their legal duties and assisting the trustees with decision making processes by providing high quality information and guidance in relation to governance, regulatory, risk and compliance matters. The role holds a strategic position at the heart of governance operations within the Trust and the Company Secretary will advise and provide guidance on legal and regulatory implications of the strategic plan. The Company Secretary will act as a point of communication between the trustees, executive management team and the members and over the next financial year will (amongst other workstreams) review the Scheme of Delegation, review the training and development needs of trustee and committee members and board evaluation procedures, review the annual schedule of trustee meeting business, agendas and terms of reference for committees and review trustee induction arrangements.

The governance steering group will continue to review the implementation and effectiveness of the new Trust governance structure during the 2019/20 academic year.

The Academy Trust has six sub committees reporting into the Board of Trustees:

- Finance
- Risk and Audit
- Human resources
- Educational Standards & Performance
- Estates and Free School
- Remuneration

Each sub-committee comprises at least three trustees, one of whom is the committee chair. Each committee meets at least termly and presents a report of key findings and actions taken to the Board of Trustees.

The finance committee is a sub-committee of the main board of trustees. Its duties include:

- to develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy,
- to receive financial monitoring reports from individual academies,
- to consider individual academy budget proposals for authorisation,
- to consider exceptional requests for expenditure,
- to oversee significant investment and capital financing decisions
- to oversee the financial position of the trust.

No significant issues to note were dealt with during the year.

Attendance at meetings during the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| Antony Gilbey (Chair) | 6 | 6 |
| Jonathan Lewis | 4 | 6 |
| Jeremy King | 5 | 6 |
| Wade Newmark | 5 | 6 |
| Sir Steve Lancashire (ex-officio) | 4 | 6 |

The Risk and Audit committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- Monitor the integrity of the financial statements
- Review internal financial control and directing the trust's programme of internal audit scrutiny.
- Reviewing the academy's internal control and risk management systems reporting to the trust board on

GOVERNANCE STATEMENT (continued)

the adequacy of the trust's controls.

- To review the action and implementation of risk management policy across the Academy Trust, reporting to the Trust board on the adequacy of the Trust's management of risk.
- Making recommendations to the governing body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor
- Reviewing the auditor's independence and objectivity No significant issues to note were dealt with during the year.

Attendance at meetings in the year was as follows:

| Trustee | Meetings Attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| Clive Rockingham (Chair) | 3 | 3 |
| Jeremy King | 2 | 3 |
| Gavin Robert | 3 | 3 |
| Teresa Beach | 3 | 3 |
| Sir Steve Lancashire (ex-officio) | 3 | 3 |

The HR committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to consider, determine and keep under review any strategies and policies for human resources and organisational development
- to consider, determine and keep under review effective arrangements for consultation with staff as a whole and for negotiation and consultation with appropriately recognised Trade Unions and/or other representatives.
- to undertake the role of the disputed resolution panel to consider appeals against the Chief Executive Officer or Academy Trust decisions
- to ensure effective measures are in place to promote equality and diversity in employment
- to consider the details of restructuring programs following any necessary approvals in principle by the Trust Board
- to develop strategy and policy in all matters relating to the recruitment, reward, retention, motivation and development of the Academy Trust's staff
- to address the topic of pay for employees below Executive level. Executive Pay should only be reviewed and addressed at the Remuneration Committee.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| Teresa Beach (Interim Chair) | 3 | 3 |
| Victoria Pigott | 0 | 3 |
| Colin Powell | 3 | 3 |
| Ralph Kugler | 2 | 3 |
| Sir Steve Lancashire (ex-officio) | 2 | 3 |

GOVERNANCE STATEMENT (continued)

The Education, Standard and Performance committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to ensure that the highest possible standards are set and maintained across the Academy Trust
- to receive a termly report from the Executive Team regarding standards and performance of the Academy Trust against key performance indicators
- to identify any areas of concern in respect of standards and performance and to implement an action plan with the Executive Team
- to ensure that the Academy Trust's curriculum is balanced and broadly based
- to scrutinise and review Academy Trust policies for recommendation to the Trust Board
- to ensure that effective processes are in place for the quality assurance and self-evaluation of teaching and learning, the curriculum, inclusion and the sharing of good practice across the Academy Trust
- to support the Chief Executive Officer in the creation, implementation and monitoring of the Academy Trust's self-evaluation development plan and any post-Ofsted action plan
- to advise the Trust Board with respect to targets for student achievement across the Academy Trust
- to ensure that effective arrangements are in place across the Academy Trust for pupil support and representation, for monitoring pupil attendance and for pupil discipline

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| Michael Peters (Chair) | 5 | 5 |
| Colin Powell | 4 | 5 |
| Jonathan Lewis | 0 | 5 |
| Louise Askew | 4 | 5 |
| Sir Steve Lancashire (ex-officio) | 5 | 5 |

The Estates and Free Schools committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to ensure that the operation and asset management of the Trust's estate, is delivered appropriately
- to ensure that the Free Schools programme is delivered appropriately
- to ensure that effective processes are in place for the quality assurance of the Executive's work on Estates and capital management and on overall project management of the Free Schools programme, identifying any areas of concern or untapped potential and overseeing appropriate planning and action by the Executive Team
- to ensure that capital requirements are taken into account in the development, implementation and review of any Trust policies, programmes for reserves and investment and funding decisions, working closely with the Finance Committee
- to identify, initiate, consider and keep under review the fullest range of external sources and avenues for capital funding and to ensure an appropriate pursuit by the executive of options with the best potential
- to scrutinise, review and where appropriate approve relevant policies, where relevant in liaison with other Trust Board Committees
- to scrutinise and review the estates teams' role in terms of reporting into the Health, Safety and Wellbeing function along with the expedient resolution of estates related health and safety defects and/or implementation of appropriate risk control measures.

Attendance at meetings in the year was as follows:

GOVERNANCE STATEMENT (continued)

| Trustee | Meetings attended | Out of a possible |
|---|--------------------------|--------------------------|
| Wade Newmark (Chair) | 4 | 4 |
| Clive Rockingham | 4 | 4 |
| Michael Peters | 2 | 4 |
| Sir Steve Lancashire | 4 | 4 |
| Chris Kane (Resigned from board 11.12.2018) | 0 | 1 |

The Remuneration committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to consider, determine and keep under review a framework or policy for the remuneration, benefits and incentives of the Chief Executive Officer and such other members of the Senior Executive Team as the Trust Board shall from time to time direct
- in determining that framework, to seek evidence of the remuneration, benefits and incentives paid to senior executives in comparable employment within the commercial and voluntary sectors
- to consider the outcome of every appraisal of the performance of the Chief Executive Officer and such other senior executives as the Board shall from time to time direct
- to make recommendations to the Trust Board as to the remuneration, benefit and incentives that should be paid to the Chief Executive Officer and such other senior executives as the Trust Board shall from time to time direct with a view to ensuring that they are encouraged to enhance their performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Academy Trust and its progress towards fulfilling its objectives
- to make recommendations to the Trust Board as to the remuneration, benefits and incentives of newly appointed senior executives
- to determine the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments for the Chief Executive Officer and such other senior executives as the Trust Board shall from time to time direct
- to consider other topics, as defined by the Trust Board from time to time

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------|--------------------------|--------------------------|
| Ralph Kugler (Chair) | 4 | 5 |
| Gavin Robert | 5 | 5 |
| Jeremy King | 4 | 5 |
| Louise Askew | 4 | 5 |
| Wade Newmark | 4 | 5 |

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that the value for money refers to the educational and wider societal outcomes achieved in return for the taxpayers' resources received. During 2019/20 an internal benchmarking process is to be introduced in relation to the budget return documentation and assessing value for money.

The Accounting Officer considered 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 appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Supporting close working relationship within clusters of schools to enable proactive support and challenge across our academies. Transparency and clarity of spending schools' budgets is scrutinised and ratified across all tiers of governance. Schools are also able to challenge the Trust in how it spends money.
- Ensuring that a set of guiding principles, including transparency and clarity of how money is spent and value for money were developed as part of formulating the new reserves policy.
- Ongoing review of the procurement of services across our academies to achieve better quality, economies of scale and consistent outcomes across the academies.
- Educational outcomes have improved by ongoing support from the Trust including receiving regular data reviews and moderation of the academies self-evaluation and school development plans. These are reviewed and challenged at all levels of Governance across the Trust.
- Ongoing review both external and internal of our academies to ensure that the expected outcome of the academies during Ofsted are in line with Trust expectations. Intervention is delivered where required.

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 the 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 REACh2 Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risks

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees and a new risk strategy has been implemented from 1 September 2019 to enable consolidation and identification of common risks across the entire trust by embedding the risk framework.

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 committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs
- Setting targets to measure financial and other performance
- Clearly defined purchasing (assets purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

GOVERNANCE STATEMENT (continued)

The board of trustees considered the need for a specific internal audit function and decided to appoint Michelle Roe as an in-house internal Auditor. Given the large size of the trust and the scale of the internal audit function, it was felt that an in-house function was the most effective way of delivering the Trust's internal audit scrutiny.

The work plan for the Internal Auditor is driven and agreed by the Audit and Risk Committee and is informed by risk. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- testing of purchase systems
- testing of control accounts / bank reconciliations
- testing of compliance with the scheme of delegation and internal controls

On a termly basis, Michelle Roe the internal auditor reports to the board of trustees, through the risk and audit committee on the operation of the system of control and on the discharge of the board of trustees' financial responsibilities. The board can confirm that the internal auditor has delivered the schedule of work as planned. During the current and previous period, there were no material control issues and thus no remedial action was required to be taken.

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 12 December 2019 and signed on its behalf by

Signed:

Signed:

Jeremy King
Chair of Trustees

Sir Steve Lancashire

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
For the Year Ended 31 August 2019**

As Accounting Officer of REAch2 Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding 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 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 the funding agreement under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity and 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.

Sir Steve Lancashire
Accounting Officer

12 December 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 in the Charities SORP (FRS 102) and the Academies Accounts Direction 2018 to 2019;
- make judgements and 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 the ESFA/Department for Education 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.]

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on its behalf.

Jeremy King
Chair of Trustees



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACH2 ACADEMY TRUST

Opinion

We have audited the financial statements of REACH2 Academy Trust ("the charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities including Income and Expenditure Account, the Balance Sheet, and the Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2018 to 2019* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Trustee's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how

those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the University will continue in operation.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 23, the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Clare Partridge
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

10 December 2019



Independent Reporting Accountant's Assurance Report on Regularity to REAch2 Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 26 June 2017 and further to the requirements of the Education and 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 REAch2 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 REAch2 Academy Trust (the 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 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 Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 30 October 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by the Head Teachers and Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2018;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Annex B of the Academies Accounts Direction 2018 to 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.

Clare Partridge
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

20 December 2019

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

| | | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total 2019 £'000 | Total 2018 £'000 |
|--|-------------|-----------------------|--------------------------------|------------------------------------|------------------------|------------------------|
| Income and endowments from: | Note | £'000 | £'000 | £'000 | £'000 | £'000 |
| Donations and capital grants | 2 | - | - | 5,866 | 5,866 | 3,000 |
| Transfer of donated assets | 2 | - | - | 32,769 | 32,769 | - |
| Transfer on Conversion | 28 | - | - | 3,712 | 3,712 | 15,018 |
| <i>Charitable activities:</i> | | | | | | |
| - Funding for educational operations | 3 | 2,280 | 98,683 | - | 100,963 | 96,110 |
| - Teaching Schools | 31 | - | 230 | - | 230 | 91 |
| Other trading activities | 4 | 793 | - | - | 793 | 1,125 |
| Investment income | 5 | 51 | - | - | 51 | 57 |
| Total income | | 3,124 | 98,913 | 42,347 | 144,384 | 115,401 |
| Expenditure on: | | | | | | |
| <i>Charitable activities:</i> | | | | | | |
| . Trust's educational operations | 6, 7 | 3,124 | 105,577 | 10,883 | 119,584 | 122,942 |
| - Teaching Schools | 31 | - | 224 | - | 224 | 76 |
| | | - | - | - | - | - |
| . Inherited defined benefit pension liability | 6, 7 | - | 626 | - | 626 | 565 |
| . Assets transferred out of the Trust | 6, 7 | - | - | - | - | 8,603 |
| Total resources expended | 6, 7 | 3,124 | 106,427 | 10,883 | 120,434 | 132,186 |
| Net income / (expenditure) before transfers | | - | (7,514) | 31,464 | 23,950 | (16,785) |
| Transfers | | | | | | |
| Transfers between funds | 18 | - | 1,254 | (1,254) | - | - |
| Net income / (expenditure) before other recognised gains and losses | | - | (6,260) | 30,210 | 23,950 | (16,785) |
| Other recognised gains / (losses): | | | | | | |
| Actuarial (losses) / gains on defined benefit pension schemes | 20 | - | (13,496) | - | (13,496) | 8,525 |
| Net movement in funds | | - | (19,756) | 30,210 | 10,454 | (8,260) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | 18 | 2,960 | (25,757) | 239,940 | 217,143 | 225,403 |
| Total funds carried forward | | 2,960 | (45,513) | 270,150 | 227,597 | 217,143 |

The deficit restricted general reserve includes surplus restricted general funds of £531,000 offset by deficit pension reserves of £46,045,000

BALANCE SHEET AS AT 31 AUGUST 2019

| | Notes | 2019 | | 2018 | |
|---|--------|-----------------|-----------------|-----------------|-----------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 275,600 | | 239,939 |
| Investments | | | - | | - |
| Total fixed assets | | | <u>275,600</u> | | <u>239,939</u> |
| Current assets | | | | | |
| Stock | 13 | 10 | | 13 | |
| Debtors | 14 | 4,532 | | 4,318 | |
| Cash at bank and in hand | | <u>8,350</u> | | <u>12,768</u> | |
| Total current assets | | <u>12,892</u> | | <u>17,099</u> | |
| Liabilities: | | | | | |
| Creditors: Amounts falling due within one year | 15 | <u>(10,050)</u> | | <u>(10,173)</u> | |
| Net current assets | | | <u>2,842</u> | | <u>6,926</u> |
| Total assets less current liabilities | | | 278,442 | | 246,865 |
| Creditors: Amounts falling due after more than one year | 17 | | <u>(4,800)</u> | | <u>(2,400)</u> |
| Net assets excluding pension liability | | | 273,642 | | 244,465 |
| Defined benefit pension scheme liability | 20 | | <u>(46,045)</u> | | <u>(27,322)</u> |
| Net assets including pension liability | | | <u>227,597</u> | | <u>217,143</u> |
| Funds of the academy: | | | | | |
| Restricted funds | | | | | |
| . Fixed asset fund(s) | 18 | | 270,151 | | 239,940 |
| . Restricted income fund(s) | 18 | | 531 | | 1,565 |
| . Pension reserve | 18, 20 | | <u>(46,045)</u> | | <u>(27,322)</u> |
| Total restricted funds | | | <u>224,637</u> | | <u>214,183</u> |
| Unrestricted funds | | | | | |
| . Unrestricted income fund(s) | 18 | | <u>2,960</u> | | <u>2,960</u> |
| Total unrestricted funds | | | <u>2,960</u> | | <u>2,960</u> |
| Total Funds | | | <u>227,597</u> | | <u>217,143</u> |

The financial statements set out on pages 29 to 56 were approved and authorised for issue by the Board of Trustees and authorised for issue on 12 December 2019 and signed on its behalf by:

Jeremy King
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

| | | 2019 Total £'000 | 2018 Total £'000 |
|--|----|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by / (used in) operating activities | 21 | (2,672) | (65) |
| Cash funds transferred on conversion | | - | (115) |
| | | <u>(2,672)</u> | <u>(180)</u> |
| Cash flows from investing activities | | | |
| Dividends, interest and rents from investments | | 51 | 57 |
| Capital funding from sponsors and others | | 5,866 | 3,000 |
| Payments to acquire fixed assets | | <u>(10,063)</u> | <u>(6,818)</u> |
| | | <u>(4,146)</u> | <u>(3,761)</u> |
| Cash flows from financing activities | | | |
| Cash net inflows from new borrowing | 22 | <u>2,400</u> | <u>3,000</u> |
| | | 2,400 | 3,000 |
| Change in cash and cash equivalents in the reporting period | | <u>(4,418)</u> | <u>(941)</u> |
| Cash and cash equivalents brought forward | | 12,768 | 13,709 |
| Cash and cash equivalents carried forward | | <u>8,350</u> | <u>12,768</u> |

**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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

REAch2 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 Conversion to an Academy Trust

The conversion of one state maintained school to an academy and its transfer into the Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the maintained school to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from Local Authority on conversion in the Statement of Financial Activities and analysed under Unrestricted Funds, Restricted General Funds and Restricted Fixed Asset Funds. Further details of the transaction are set out in note 28.

1.4 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.

**Notes to the Financial Statements
For the year ended 31 August 2019**

1 Accounting policies (Continued)

Grants receivable

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

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

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

On conversion, the school properties were transferred from the Local Authority and legacy academies to the Academy Trust for £nil consideration. Such properties are included in the accounts at fair value.

**Notes to the Financial Statements
For the year ended 31 August 2019**

1 Accounting policies (Continued)

1.5 Expenditure

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

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

1.6 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.

**Notes to the Financial Statements
For the year ended 31 August 2019**

1 Accounting policies (Continued)

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 basis over its expected useful life, as follows:

| | |
|------------------------------|-------------------------------------|
| Freehold buildings | 50 years |
| Leasehold land and buildings | 50 years or UEL, whichever is lower |
| Leasehold improvements | 50 years |
| Furniture and equipment | 4 years |
| Plant and machinery | 4 years |
| Computer equipment | 3 years |
| Motor vehicles | 4 years |

No depreciation is provided in respect of freehold land.

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.

1.7 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.

1.8 Leasing and hire purchase commitments

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

1.9 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

**Notes to the Financial Statements
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 prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 Education and Skills Funding Agency/Department for Education.

1.13 Financial instruments

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the Financial Statements
For the year ended 31 August 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Academy Trust included properties transferred on conversion at fair value, being recognised in the Statement of Financial Activities in the year of conversion. The Trust engages independent valuation specialists to determine fair value. The valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the properties.

Notes to the Financial Statements
For the year ended 31 August 2019

| 2 Donations and Capital Grants | Unrestricted Funds £'000 | Restricted Funds £'000 | 2019 Total £'000 | 2018 Total £'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Donated Assets | - | 32,769 | 32,769 | 14,903 |
| Other Donations | - | - | - | - |
| Capital Grants - DfE / EFA | - | 5,866 | 5,866 | 3,000 |
| Funds inherited on transfer | - | - | - | 115 |
| | <u>-</u> | <u>38,635</u> | <u>38,635</u> | <u>18,018</u> |

Capital grants relate to ESFA Devolved Capital and School Conditioning Funding

Donated Assets includes 2 new free schools (Henhurst Ridge & The Limes), 1 Local Authority presumption (Newhall), and one free school (Concordia) that relocated to its permanent site in September 2018

3 Funding For Educational Operations

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2019 Total £'000 | 2018 Total £'000 |
|---|--------------------------------|------------------------------|------------------------|------------------------|
| DfE / ESFA and Other Government Grants | | | | |
| DfE / ESFA General Annual Grant | - | 75,240 | 75,240 | 72,262 |
| DfE / ESFA Start Up Grants | - | 811 | 811 | 732 |
| DfE / ESFA Pupil Premium | - | 7,845 | 7,845 | 7,807 |
| DfE / ESFA Other Grants | - | 4,351 | 4,351 | 3,634 |
| Other Government Revenue Grants | - | 8,043 | 8,043 | 8,110 |
| | <u>-</u> | <u>96,290</u> | <u>96,290</u> | <u>92,545</u> |
| Other Income | | | | |
| School Trips | - | 838 | 838 | 710 |
| Catering Income | 1,139 | - | 1,139 | 1,039 |
| Music Lessons | - | 104 | 104 | 103 |
| Clubs | - | 1,451 | 1,451 | 1,234 |
| Other | 1,098 | - | 1,098 | 429 |
| Uniform Sales | 43 | - | 43 | 50 |
| | <u>2,280</u> | <u>2,393</u> | <u>4,673</u> | <u>3,565</u> |
| | <u>2,280</u> | <u>98,683</u> | <u>100,963</u> | <u>96,110</u> |

The master funding agreement of the Trust is not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

DfE/ESFA Other Grants includes £331,266 of rates grants, and £2,491,927 of funding for Universal Infant Free School Meals.

Other government revenue grants includes £3,621,195 of Early Years Foundation funding and £2,906,748 of SEN funding.

4 Other Trading Activities

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2019 Total £'000 | 2018 Total £'000 |
|--------------|--------------------------------|------------------------------|------------------------|------------------------|
| Lettings | 413 | - | 413 | 399 |
| Other income | 380 | - | 380 | 726 |
| | <u>793</u> | <u>-</u> | <u>793</u> | <u>1,125</u> |

5 Investment Income

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2019 Total £'000 | 2018 Total £'000 |
|---------------|--------------------------------|------------------------------|------------------------|------------------------|
| Bank interest | 51 | - | 51 | 33 |
| Pension | - | - | - | 24 |
| | <u>51</u> | <u>-</u> | <u>51</u> | <u>57</u> |

Notes to the Financial Statements
For the year ended 31 August 2019

6 Other trading expenses

| | Staff Costs | Non Pay Expenditure | | Total | Total |
|--|---------------|---------------------|----------------------|----------------|----------------|
| | £'000 | Premises £'000 | Other Costs £'000 | 2019 £'000 | 2018 £'000 |
| Educational operations | | | | | |
| . Direct costs (note 7) | 72,178 | 1,834 | 13,112 | 87,124 | 80,932 |
| . Allocated support costs (note 7) | 14,370 | 6,624 | 11,466 | 32,460 | 42,013 |
| . Implementation costs | - | - | - | - | - |
| | <u>86,548</u> | <u>8,458</u> | <u>24,578</u> | <u>119,584</u> | <u>122,945</u> |
| Assets transferred out of Trust | | | | - | |
| Governance costs including allocated support costs | | | | | |
| Fixed asset adjustment | - | - | - | - | |
| Transfer from Local Authority | | | | | 8,602 |
| . Loans on conversion | | | | | - |
| . Inherited defined pension liability | 626 | - | - | 626 | 565 |
| | | | | | |
| Total expenditure | <u>87,174</u> | <u>8,458</u> | <u>24,578</u> | <u>120,210</u> | <u>132,112</u> |

No unrestricted reserves have been expended in the year.

| Other trading expenses (continued) | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Fees payable to auditor - audit | 76 | 86 |
| - other services | 113 | 28 |
| - other leases | - | - |
| Operating lease rental - land and buildings | - | - |
| Operating lease rentals - plant, machinery and equipment | 386 | 322 |
| Depreciation | 10,883 | 18,577 |
| Impairment | - | - |
| (Profit) / loss on disposal of fixed assets | - | - |
| Impairment | - | - |
| Governors' liability insurance | - | - |

Notes to the Financial Statements
For the year ended 31 August 2019

7 Charitable Activities - Educational Operations

| | Total 2019 £'000 | Total 2018 £'000 |
|---|------------------------|------------------------|
| Direct costs | | |
| Teaching staff costs | 46,403 | 40,638 |
| Other direct staff costs | 17,796 | 16,484 |
| Direct supply costs | 3,049 | 3,632 |
| Pension costs - deficit repayment contributions & net service costs | 4,601 | 4,559 |
| Educational supplies | 2,388 | 2,398 |
| Technology costs | 1,267 | 1,189 |
| Staff development | 329 | 1,325 |
| Recruitment | 177 | 325 |
| School uniform | 76 | 80 |
| Free school meals | 823 | 776 |
| Catering | 3,074 | 3,025 |
| Staff transport and travel | 516 | 703 |
| Telephones | 439 | 387 |
| Printing, postage and stationary | 218 | 286 |
| Legal and professional fees | 414 | 332 |
| Insurance | 180 | 218 |
| Licences and subscriptions | 261 | 322 |
| Marketing and advertising | 48 | 38 |
| Educational visits | 1,150 | 993 |
| Educational consultancy | 768 | 586 |
| Music services | 438 | 425 |
| Hire of equipment | 567 | 558 |
| Other educational services | 1,069 | 971 |
| Bank interest | 123 | 39 |
| Other direct costs | 950 | 643 |
| | <u>87,124</u> | <u>80,932</u> |
| Support costs | | |
| Support staff costs | 14,370 | 16,035 |
| Depreciation & impairment | 10,883 | 18,577 |
| Maintenance of premises and equipment | 2,149 | 2,368 |
| Cleaning | 1,343 | 1,297 |
| Insurance | 389 | 333 |
| Utilities | 1,568 | 1,464 |
| Security | 154 | 167 |
| Rent and rates | 579 | 785 |
| Health and safety | 105 | 127 |
| Other occupancy costs | 337 | 317 |
| Other support costs | 394 | 429 |
| | <u>32,271</u> | <u>41,899</u> |
| Audit | | |
| - audit of financial statements | 76 | 86 |
| - other | 113 | 28 |
| | <u>189</u> | <u>114</u> |
| Total Support Costs | <u>32,460</u> | <u>42,013</u> |
| Inherited pension liabilities | 626 | 565 |
| Impact of assets transferred out of the Trust | - | 8,603 |
| Total Costs | <u>120,210</u> | <u>132,113</u> |

**Notes to the Financial Statements
For the year ended 31 August 2019**

8 Staff Costs

a) Staff cost

Staff costs during the year were:

| | Total 2019 £'000 | Total 2018 £'000 |
|--|---------------------------------|---------------------------------|
| Wages and salaries | 62,176 | 58,293 |
| Social security costs | 5,141 | 4,730 |
| Pension costs | 15,539 | 14,427 |
| Apprenticeship levy | 283 | 267 |
| | 83,139 | 77,717 |
| Supply staff costs | 3,049 | 3,632 |
| Staff development and other staff costs | 329 | 1,324 |
| Pension liability inherited on transfers | 626 | 565 |
| | 87,143 | 83,238 |

b) Staff severance payments

Included within the staff restructuring costs are severance payments totalling £118,620. Individually, the payments were £21,516, £15,720, £14,587, £12,600, £12,000, £8,633, £8,429, £6,096, £5,000, £4,572, £3,750, £2,020, £1,524, £1,451,

c) Staff numbers

The average number of persons (including senior management team) employed by REAch2 Academy Trust during the year expressed as full time equivalents were as follows:

| | 2019 No. | 2018 No. |
|-------------------------------------|---------------------|---------------------|
| <i>Charitable Activities</i> | | |
| Teachers | 814 | 931 |
| Admin and support | 1,153 | 1,154 |
| Management and central team | 201 | 92 |
| | 2,168 | 2,177 |

The average number of persons (including senior management team) employed by REAch2 Academy Trust during the year were as follows:

| | 2019 No. | 2018 No. |
|-------------------------------------|---------------------|---------------------|
| <i>Charitable Activities</i> | | |
| Teachers | 888 | 951 |
| Admin and support | 1,885 | 2,045 |
| Management and central team | 217 | 110 |
| | 2,990 | 3,106 |

Notes to the Financial Statements
For the year ended 31 August 2019

d) Higher paid staff

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

| | 2019 No. | 2018 No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000 | 41 | 39 |
| £70,001 - £80,000 | 14 | 15 |
| £80,001 - £90,000 | 11 | 8 |
| £90,001 - £100,000 | 7 | 2 |
| £100,001 - £110,000 | 1 | 4 |
| £110,001 - £120,000 | 3 | 1 |
| £120,001 - £130,000 | 0 | 1 |
| £130,001 - £140,000 | 0 | 0 |
| £140,001 - £150,000 | 0 | 0 |
| £150,001 - £160,000 | 0 | 0 |
| £160,001 - £170,000 | 1 | 1 |
| £170,001 - £180,000 | 0 | 0 |
| £230,001 - £240,000 | 1 | 1 |

e) Key management personnel

The key management personnel of REAch2 Academy Trust comprise the Trustees and the Senior Management Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £619,640 (2018:£619,193).

9 Trustees' remuneration and expenses

One trustee has been paid remuneration or has received other benefits from employment with the academy trust. The Chief Executive Officer only receives remuneration in the respect of services they provide undertaking the role of the Chief Executive under their contract of employment.

Sir Steve Lancashire (Chief Executive Officer and Accounting Officer) £230,000 - £240,000 (2018:£230,000 - £240,000)

The above employee participated in the Teachers' Pension Scheme this year. During the year ended 31 August 2019 pension contributions amounted to £37,904 (2018:£37,904)

Payments made to Trustees of The Board relating to travel and subsistence were £1,086 (2018: £1,567).

Other related party transactions involving the Trustees are set out within the related parties note.

**Notes to the Financial Statements
For the year ended 31 August 2019**

10 Trustees' and Officers' Insurance

The Academy 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 trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustee and officers indemnity element from the overall cost of the RPA scheme membership.

11 Central Services

The academy trust has provided the following central services to its academies during the year:

- Accountancy and financial planning systems;
- Accountancy support;
- HR support;
- Payroll;
- Estates strategic management and capital improvement;
- Governance support;
- Policy development;
- Executive Principals and Associate School Leaders;
- School Performance Management;
- Risk Management;
- School leadership development and training;
- School leadership performance management;
- Trust leadership and networking;
- Liaison with regulators and policy makers (DfE, ESFA, Regional Schools' Commissioner, OFSTED, Charities Commission and Companies House)
- Media and publicity management;
- Crisis management.

The Trust charges for these services based on a percentage of GAG income excluding grants received towards rates and insurance. In 2019 this was 6.5% (2018: 5.5%).

Notes to the Financial Statements
For the year ended 31 August 2019

11 **Central Services (continued)**

The amounts charged during the year were as follows:

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Aerodrome Primary Academy | 86 | 74 |
| Beccles Primary Academy | 63 | 55 |
| Brampton Primary Academy | 97 | 86 |
| Burrsville Infant Academy | 62 | 52 |
| Bushbury Lane Primary Academy | 61 | 53 |
| Camulos Primary Academy | 62 | 37 |
| Chapel End Junior Academy | 109 | 91 |
| Chigwell Primary Academy | 56 | 48 |
| Civitas Academy | 55 | 32 |
| Concordia Primary Academy | 35 | 23 |
| Copperfield Academy | 119 | 100 |
| Dorothy Barley Junior Academy | 143 | 120 |
| Eastbrook Primary Academy | 101 | 84 |
| Five Spires Academy | 30 | 21 |
| Garden City Academy | 68 | 54 |
| Greenridge Primary Academy | 44 | 21 |
| Gunton Primary Academy | 74 | 64 |
| Heath Hayes Primary Academy | 47 | 36 |
| Henhurst Ridge Primary Academy | 16 | - |
| Kemsley Primary Academy | 53 | 46 |
| Kirby Primary Academy | 56 | 46 |
| Langtons Junior Academy | 73 | 65 |
| Lawley Village Academy | 38 | 25 |
| Manor Park Primary Academy | 121 | 103 |
| Martlesham Primary Academy | 28 | 24 |
| Pheonix St Peter | 54 | 47 |
| Milton Court Primary Academy | 56 | 43 |
| Minerva Academy | - | 26 |
| Moor Green Primary Academy | 103 | 102 |
| Newhall Primary Academy | 18 | - |
| Northfield St Nicholas Primary Academy | 115 | 99 |
| Norton Canes Primary Academy | 61 | 49 |
| Oakfield Primary Academy | 92 | 74 |
| Pemberley Academy | 47 | 34 |
| Purfleet Primary Academy | 133 | 111 |
| Racemeadow Primary Academy | 67 | 51 |
| Ranikhet Academy | 71 | 59 |
| Riverside Academy | 56 | 47 |
| Robert Fitzroy Academy | 207 | 146 |
| Scientia Academy | 98 | 76 |
| Silkmore Primary Academy | 62 | 49 |
| Sir Martin Frobisher Primary Academy | 81 | 73 |
| Springfield Primary Academy | 125 | - |
| Springhill Primary Academy | 47 | 38 |
| Sprites Primary Academy | 99 | 84 |
| St Margaret's Primary Academy | 112 | 97 |
| St Mark's Church of England Primary Academy | 47 | 46 |
| Summerside Primary Academy | 137 | 125 |
| The Globe Primary Academy | 126 | 112 |
| The Limes Primary Academy | 17 | - |
| The Palmer Primary Academy | 109 | 90 |
| The Woodside Primary Academy | 304 | 261 |
| Tidemill Academy | 167 | 89 |
| Tymberwood Academy | 101 | 92 |
| Unity Primary Academy | 102 | 87 |
| Veritas Primary Academy | 75 | 58 |
| Water Lane Primary Academy | 47 | 40 |
| White Meadows Primary Academy | 155 | 128 |
| Wilshire-Dacre Junior Academy | 62 | 52 |
| | <u>4,850</u> | <u>3,844</u> |

Notes to the Financial Statements
For the year ended 31 August 2019

12 Tangible Fixed Assets

| | Freehold Land and Buildings £'000 | Leasehold Land and Buildings £'000 | Leasehold Improvements £'000 | Furniture and Equipment £'000 | Plant and Machinery £'000 | Computer Equipment £'000 | Assets under construction £'000 | Motor Vehicles £'000 | Total £'000 |
|--------------------------|---|---|------------------------------------|-------------------------------------|---------------------------------|--------------------------------|---------------------------------------|----------------------------|----------------|
| Cost or Valuation | | | | | | | | | |
| At 1 September 2018 | 5,719 | 255,780 | 7,453 | 3,287 | 1,998 | 3,338 | 1,464 | 31 | 279,070 |
| Additions | - | 36,481 | 808 | 870 | 58 | 1,545 | 6,782 | - | 46,544 |
| Disposals | | | | | | | | | - |
| Reclassification | | | 7,324 | | 664 | | (7,988) | | - |
| Acquisitions | | | | | | | | | - |
| At 31 August 2019 | 5,719 | 292,261 | 15,585 | 4,157 | 2,720 | 4,883 | 258 | 31 | 325,614 |
| Depreciation | | | | | | | | | |
| At 1 September 2018 | 261 | 31,433 | 350 | 2,465 | 1,899 | 2,707 | - | 16 | 39,131 |
| Charged in year | 87 | 8,647 | 312 | 628 | 226 | 975 | | 8 | 10,883 |
| Disposals | | | | | | | | | - |
| Impairment | | | | | | | | | - |
| At 31 August 2019 | 348 | 40,080 | 662 | 3,093 | 2,125 | 3,682 | - | 24 | 50,014 |
| Net book values | | | | | | | | | |
| At 31 August 2019 | 5,371 | 252,181 | 14,923 | 1,064 | 595 | 1,201 | 258 | 7 | 275,600 |
| At 31 August 2018 | 5,458 | 224,347 | 7,103 | 822 | 99 | 631 | 1,464 | 15 | 239,939 |

Included in buildings is an amount of £1,367,500 in respect of land which is not depreciated.

Where fixed assets have transferred upon merger from existing Academy Trusts or from Local Authorities, the cost recognised in fixed asset additions is equal to the net book value of fixed assets on the date of transfer. Upon transfer, management have considered the useful economic life of each asset at both the date of its initial recognition, when it was originally purchased, and at the date of transfer to the Trust. Accordingly depreciation has been charged over the reassessed useful economic life of the asset. Where the year ended 31 August 2019 would have represented the final year of an assets useful economic life prior to transferring to the Trust, should the assessment by management have identified no extension of useful economic life, the entire cost recognised in additions in year was depreciated in the year ended 31 August 2019. This will also have affected the charge made against assets with useful economic lives due to expire in 2018 and 2019.

Notes to the Financial Statements
For the year ended 31 August 2019

13 Stock

| | 2019 | 2018 |
|----------------------|-----------|-----------|
| | £'000 | £'000 |
| Educational supplies | 10 | 13 |
| | <u>10</u> | <u>13</u> |

14 Debtors: amounts owed within one year

| | 2019 | 2018 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 1,302 | 1,238 |
| Prepayments & accrued income | 3,162 | 3,017 |
| Accrued income | | |
| Other debtors | 68 | 63 |
| Grant and other income | | |
| VAT recoverable | | - |
| | <u>4,532</u> | <u>4,318</u> |

15 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Trade creditors | 3,179 | 3,193 |
| Taxation and social security | 466 | 312 |
| Other creditors | 391 | 692 |
| Accruals and deferred income | 5,414 | 5,365 |
| Loan | 600 | 611 |
| | <u>10,050</u> | <u>10,173</u> |

16 Deferred income
(Included in Accruals and deferred income above)

| | 2019 | 2018 |
|--------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Deferred income brought forward | 3,516 | 2,953 |
| Amounts released from previous years | (3,516) | (2,953) |
| Resources deferred in the year | 3,099 | 3,516 |
| Deferred Income carried forward | <u>3,099</u> | <u>3,516</u> |

Included in deferred income are amounts received in advance from the Local Authorities and the ESFA for Free School Meals, Early Years Funding, capital grants and other pupil related income.

17 Creditors: amounts falling due after more than one year

| | 2019 | 2018 |
|------------------|--------------|--------------|
| | £'000 | £'000 |
| Loan | | |
| Due 1 - 2 years | 600 | 600 |
| Due 2 - 5 years | 2,400 | 1800 |
| Due over 5 years | 1,800 | - |
| | <u>4,800</u> | <u>2,400</u> |
| Other | | |
| Due 1 - 2 years | - | - |
| Due 2 - 5 years | - | - |
| Due over 5 years | - | - |
| | <u>-</u> | <u>-</u> |

Included within creditors is a loan with a balance of £5,400,000 from the Education and Skills Funding Agency, as part of the MAT Loan Pilot scheme. Interest is charged on the loan at 1.91%, and repayable in equal instalments over the next 9 years

Notes to the Financial Statements
For the year ended 31 August 2019

| 18 Funds | Balance at 1 September 2018 £'000 | Incoming resources £'000 | Resources expended £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2019 £'000 |
|--|--|--------------------------------|--------------------------------|---|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | | 75,240 | (75,240) | - | - |
| Start Up Grant | | 811 | (811) | - | - |
| Pupil Premium | | 7,845 | (7,845) | - | - |
| Other DfE/EFA grants | | 4,351 | (4,351) | - | - |
| Other government income | | 8,043 | (8,043) | - | - |
| Other restricted | | 2,393 | (2,393) | - | - |
| Funds inherited on transfers from LA and mergers | 1,565 | - | (2,288) | 1,254 | 531 |
| | <u>1,565</u> | <u>98,883</u> | <u>(100,971)</u> | <u>1,254</u> | <u>531</u> |
| Pension reserve | (27,322) | | (5,227) | (13,496) | (46,045) |
| | <u>(25,757)</u> | <u>98,883</u> | <u>(106,198)</u> | <u>(12,242)</u> | <u>(45,514)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/EFA capital grants and expenditure from GAG | 31,527 | 5,866 | (10,883) | (1,254) | 25,256 |
| Donated assets | 208,413 | 38,481 | - | - | 244,894 |
| | <u>239,940</u> | <u>42,347</u> | <u>(10,883)</u> | <u>(1,254)</u> | <u>270,150</u> |
| Total restricted funds | <u>214,183</u> | <u>141,030</u> | <u>(117,081)</u> | <u>(13,496)</u> | <u>224,636</u> |
| Unrestricted funds | | | | | |
| General Funds | 2,960 | 3,124 | (3,124) | - | 2,960 |
| | <u>2,960</u> | <u>3,124</u> | <u>(3,124)</u> | <u>-</u> | <u>2,960</u> |
| Total funds | <u>217,143</u> | <u>144,154</u> | <u>(120,205)</u> | <u>(13,496)</u> | <u>227,596</u> |

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

| | Balance at 1 September 2017 £'000 | Incoming resources £'000 | Resources expended £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|--|--|--------------------------------|--------------------------------|---|--|
| General Annual Grant (GAG) | - | 72,262 | (72,262) | - | - |
| Start Up Grant | | 732 | (732) | - | - |
| Pupil Premium | | 7,807 | (7,807) | - | - |
| Other DfE/EFA grants | | 3,725 | (3,725) | - | - |
| Other government income | | 8,110 | (8,110) | - | - |
| Other restricted | | 2,047 | (2,047) | - | - |
| Funds inherited on transfers from LA and mergers | 4,690 | 115 | (2,001) | (1,239) | 1,565 |
| | <u>4,690</u> | <u>94,798</u> | <u>(96,684)</u> | <u>(1,239)</u> | <u>1,565</u> |
| Pension reserve | (31,242) | 24 | (4,629) | 8,525 | (27,322) |
| | <u>(26,552)</u> | <u>94,822</u> | <u>(101,313)</u> | <u>7,286</u> | <u>(25,757)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/EFA capital grants and expenditure from GAG | 47,104 | 3,000 | (18,577) | - | 31,527 |
| Donated assets | 201,891 | 14,903 | (9,620) | 1,239 | 208,413 |
| | <u>248,995</u> | <u>17,903</u> | <u>(28,197)</u> | <u>1,239</u> | <u>239,940</u> |
| Total restricted funds | <u>222,443</u> | <u>112,725</u> | <u>(129,510)</u> | <u>8,525</u> | <u>214,183</u> |
| Unrestricted funds | | | | | |
| General Funds | 2,960 | 2,676 | (2,676) | - | 2,960 |
| | <u>2,960</u> | <u>2,676</u> | <u>(2,676)</u> | <u>-</u> | <u>2,960</u> |
| Total funds | <u>225,403</u> | <u>115,401</u> | <u>(132,186)</u> | <u>8,525</u> | <u>217,143</u> |

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

Restricted general funds must be used for the normal running costs of the Trust. In line with the Master 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.

Restricted fixed asset funds are used solely for capital purposes in line with the strategic objectives of the Trust.

Unrestricted funds will be used towards meeting the charitable objectives of the Trust at the discretion of the Trustees.

Funds transfers relate to the pension scheme movements during the period, fixed assets purchased from unrestricted funds and recurrent expenditure purchased from non GAG funding.

Notes to the Financial Statements
For the year ended 31 August 2019

18 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

| | 2019 | 2018 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Aerodrome Primary Academy | 507 | 578 |
| Beccles Primary Academy | (21) | 70 |
| Brampton Primary Academy | (426) | (308) |
| Burrsville Infant Academy | 76 | 104 |
| Bushbury Lane Primary Academy | 127 | 176 |
| Camulos Primary Academy | 154 | 145 |
| Chapel End Junior Academy | 254 | 188 |
| Chigwell Primary Academy | 111 | 135 |
| Civitas Academy | (16) | (36) |
| Concordia Primary Academy | 151 | 133 |
| Copperfield Academy | (189) | (129) |
| Dorothy Barley Junior Academy | 553 | 622 |
| Eastbrook Primary Academy | 180 | 230 |
| Five Spires Academy | (8) | (17) |
| Garden City Academy | 122 | 224 |
| Greenridge Primary Academy | 12 | 6 |
| Guntton Primary Academy | 78 | 46 |
| Heath Hayes Primary Academy | 44 | 40 |
| Henhurst Ridge Primary Academy | 0 | 0 |
| Kemsley Primary Academy | 201 | 172 |
| Kirby Primary Academy | 219 | 169 |
| Langtons Junior Academy | 422 | 370 |
| Lawley Village Academy | 53 | 36 |
| Manor Park Primary Academy | 340 | 206 |
| Marlesham Primary Academy | (130) | (91) |
| Milton Court Primary Academy | 71 | 34 |
| Minerva Academy | - | 113 |
| Moor Green Primary Academy | 211 | 137 |
| Newhall Primary Academy | (23) | 0 |
| Northfield St Nicholas Primary Academy | (289) | (194) |
| Norton Canes Primary Academy | 51 | 51 |
| Oakfield Primary Academy | 609 | 405 |
| Pemberley Academy | 346 | 339 |
| Phoenix St Peter Academy | (193) | (24) |
| Purfleet Primary Academy | 142 | 120 |
| Racemeadow Primary Academy | 165 | 166 |
| Ranikhet Academy | 218 | 170 |
| Reach2 Head Office | (4,967) | (3,637) |
| Riverside Academy | 252 | 202 |
| Robert Fitzroy Academy | 407 | 354 |
| Scientia Academy | 366 | 292 |
| Silkmore Primary Academy | 96 | 8 |
| Sir Martin Frobisher Primary Academy | 60 | 124 |
| Springfield Primary Academy | 161 | 0 |
| Springhill Primary Academy | (84) | (91) |
| Sprites Primary Academy | 176 | 116 |
| St Margaret's Primary Academy | 236 | 245 |
| St Mark's Church of England Primary Academy | 48 | 67 |
| Summerside Primary Academy | 125 | 125 |
| The Globe Primary Academy | 244 | 265 |
| The Limes Primary Academy | 16 | 0 |
| The Palmer Primary Academy | 426 | 412 |
| The Woodside Primary Academy | 112 | 92 |
| Tidemill Academy | 489 | 479 |
| Tymberwood Academy | 54 | 123 |
| Unity Primary Academy | 118 | 166 |
| Veritas Primary Academy | 251 | 161 |
| Water Lane Primary Academy | 198 | 169 |
| White Meadows Primary Academy | 495 | 371 |
| Wilshere-Dacre Junior Academy | 90 | 94 |
| | <u>3,491</u> | <u>4,525</u> |
| Fixed asset reserves | 270,150 | 239,940 |
| Pension reserve | (46,045) | (27,322) |
| | <u>227,696</u> | <u>217,143</u> |

18 Funds (continued)
Analysis of academies by cost

| | Teaching Staff Costs | Other Support Staff Costs | Educational Supplies | Other Costs (excluding fixed asset expenses) | Total 2019 | Total 2018 |
|---|----------------------|---------------------------|----------------------|--|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Aerodrome Primary Academy | 2,199 | 319 | 81 | 409 | 3,008 | 3,196 |
| Bocells Primary Academy | 873 | 225 | 13 | 177 | 1,288 | 1,385 |
| Brampton Primary Academy | 1,225 | 192 | 29 | 512 | 1,968 | 1,932 |
| Burnsville Infant Academy | 649 | 170 | 23 | 224 | 1,066 | 1,210 |
| Bushbury Lane | 678 | 132 | 44 | 399 | 1,153 | 1,025 |
| Castle Hill Academy | - | - | - | - | - | 51 |
| Camulos Academy | 724 | 144 | 35 | 351 | 1,254 | 960 |
| Chapel End Junior Academy | 1,169 | 212 | 37 | 465 | 1,883 | 2,018 |
| Chigwell Primary Academy | 492 | 164 | 14 | 375 | 1,045 | 941 |
| Civitas Academy | 573 | 101 | 22 | 249 | 945 | 698 |
| Concordia Primary Academy | 339 | 66 | 16 | 149 | 572 | 383 |
| Coppafield Academy | 1,392 | 159 | 47 | 898 | 2,496 | 2,383 |
| Dorothy Bailey Junior Academy | 1,591 | 239 | 55 | 552 | 2,367 | 2,352 |
| Eastbrook Primary Academy | 1,397 | 231 | 32 | 263 | 1,923 | 1,932 |
| Five Spires Academy | 372 | 100 | 31 | 135 | 638 | 562 |
| Garden City Academy | 970 | 326 | 35 | 248 | 1,379 | 1,375 |
| Greenidge Primary Academy | 728 | 103 | 77 | 134 | 1,042 | 480 |
| Gurton Primary Academy | 966 | 177 | 26 | 244 | 1,413 | 1,439 |
| Heath Hayes Primary Academy | 572 | 120 | 25 | 203 | 920 | 822 |
| Henhurst Ridge Primary Academy | 144 | 74 | 25 | 74 | 317 | - |
| Kemley Primary Academy | 679 | 156 | 17 | 178 | 1,010 | 1,014 |
| Kirby Primary Academy | 611 | 158 | 16 | 183 | 968 | 935 |
| Langens Junior Academy | 765 | 179 | 22 | 347 | 1,313 | 1,341 |
| Lawley Village Academy | 419 | 58 | 35 | 170 | 682 | 552 |
| Manor Park Primary Academy | 1,275 | 318 | 44 | 449 | 2,086 | 2,176 |
| Mandesham Primary Academy | 305 | 95 | 27 | 101 | 528 | 573 |
| Milton Court Primary Academy | 758 | 95 | 22 | 172 | 1,048 | 1,056 |
| Milnova Academy | - | 26 | - | - | 26 | 1,153 |
| Moor Green Primary Academy | 1,245 | 169 | 22 | 440 | 1,876 | 2,142 |
| Newhall Primary Academy | 286 | 256 | 24 | 141 | 689 | - |
| Northfield St Nicholas Primary Academy | 1,631 | 343 | 56 | 255 | 2,285 | 2,488 |
| Notion Caines Primary Academy | 685 | 176 | 50 | 334 | 1,255 | 1,187 |
| Oakfield Primary Academy | 1,046 | 146 | 53 | 427 | 1,672 | 1,547 |
| Pemberton Primary Academy | 538 | 133 | 42 | 161 | 874 | 717 |
| Phoenix St Peter Academy | 675 | 163 | 35 | 259 | 1,132 | 1,195 |
| Purfleet Primary Academy | 1,660 | 442 | 52 | 496 | 2,590 | 2,596 |
| Race Meadow Primary Academy | 841 | 135 | 23 | 251 | 1,250 | 1,148 |
| Rankingt Academy | 795 | 86 | 36 | 583 | 1,453 | 1,205 |
| Race2 Head Office | 1 | 5,680 | 189 | 2,996 | 8,966 | 9,365 |
| Riverside Academy | 643 | 193 | 16 | 235 | 1,027 | 1,073 |
| Robert Fitzroy Academy | 2,419 | 522 | 88 | 712 | 3,741 | 3,437 |
| Sciencia Academy | 1,069 | 229 | 66 | 337 | 1,721 | 1,571 |
| Silkmere Primary Academy | 891 | 138 | 29 | 337 | 1,395 | 1,220 |
| Sir Martin Frobbisher | 661 | 205 | 77 | 882 | 1,825 | 1,633 |
| Springfield Primary Academy | 1,082 | 225 | 28 | 1,221 | 2,566 | - |
| Springhill Primary Academy | 555 | 85 | 14 | 284 | 948 | 975 |
| Spires Primary Academy | 1,119 | 294 | 34 | 286 | 1,733 | 1,780 |
| St Mark's Church of England Primary Academy | 1,367 | 283 | 100 | 393 | 2,143 | 2,024 |
| Summerside Primary Academy | 1,887 | 135 | 17 | 164 | 973 | 1,010 |
| The Globe Primary Academy | 1,622 | 206 | 12 | 426 | 2,286 | 2,337 |
| The Limes Primary Academy | 202 | 108 | 15 | 44 | 369 | - |
| The Palmer Primary Academy | 1,430 | 139 | 44 | 465 | 2,137 | 2,017 |
| The Woodside Primary Academy | 4,495 | 1,038 | 98 | 754 | 6,385 | 6,738 |
| Totemill Academy | 2,173 | 386 | 60 | 789 | 3,378 | 3,357 |
| Tymberwood Academy | 1,504 | 315 | 26 | 283 | 2,128 | 2,242 |
| Unity Primary Academy | 1,367 | 325 | 54 | 250 | 1,996 | 1,948 |
| Ventus Primary Academy | 1,006 | 130 | 38 | 337 | 1,571 | 1,351 |
| Water Lane Primary Academy | 622 | 143 | 11 | 177 | 903 | 848 |
| White Meadows Primary Academy | 2,229 | 300 | 65 | 249 | 2,843 | 2,951 |
| Wilshire-Dacre Junior Academy | 698 | 126 | 31 | 255 | 1,110 | 1,188 |
| | 69,696 | 17,780 | 2,388 | 23,009 | 104,081 | 100,033 |

**Notes to the Financial Statements
For the year ended 31 August 2019**

19 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

| | Unrestricted General Fund | Restricted General Fund | Restricted Fixed Asset Fund | Total 2019 £'000 |
|--------------------------|------------------------------|-------------------------------|-----------------------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Tangible fixed assets | - | - | 275,600 | 275,600 |
| Current assets | 2,960 | 9,932 | - | 12,892 |
| Current liabilities | - | (9,401) | (649) | (10,050) |
| Non-Current liabilities | - | - | (4,800) | (4,800) |
| Pension scheme liability | - | (46,045) | - | (46,045) |
| Total net assets | 2,960 | (45,514) | 270,151 | 227,597 |

Notes to the Financial Statements
For the year ended 31 August 2019

20 Pension and Similar Obligations

The 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. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £110k (2018: £105k) were payable to the Teachers Pension Scheme at 31 August 2019 and are included within creditors.

Contributions amounting to £94k (2018: £80k) were payable to the Local Government Pension Scheme at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 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 out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge;
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- 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 TPS in the year ended 31 August 2019 amounted to £8,151,000 (2018: £8,343,000)

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

Under the definitions set out in Financial Reporting Standard (FRS102), the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information on the scheme.

Notes to the Financial Statements
For the year ended 31 August 2019

20 Pension and Similar Obligations (continued)

Local Government Pension Schemes

REAch2 is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds; City of Westminster Pension Fund, Essex Pension Fund, Kent County Council Pension Fund, Royal County of Berkshire Pension Fund, West Midlands Pension Fund, Hertfordshire County Council Pension Fund, London Borough of Barking and Dagenham Pension Fund, London Borough of Croydon Pension Fund, London Borough of Havering Pension Fund, London Borough of Lewisham Pension Fund, Staffordshire Pension Fund, Suffolk Pension Fund, Warwickshire Pension Fund, West Sussex County Council Pension Fund, London Borough of Bexley Pension Fund, London Borough of Waltham Forest Pension Fund, Shropshire County Pension Fund, Barnet Council Pension Fund and Buckinghamshire County Council Pension Fund.

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

| Principal actuarial assumptions (average) | 2019 | 2018 |
|--|------|------|
| | % | % |
| Rate of increase in salaries | 3.1 | 3.2 |
| Rate of increase for pensions in payment / inflation | 2.3 | 2.2 |
| Discount rate for scheme liabilities | 1.9 | 2.8 |
| Inflation assumption (CPI) | 2.1 | 2.2 |

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

| | 2019 | 2018 |
|--|--------------|--------------|
| <i>Retiring today</i> | | |
| Males | 21.7 | 22.5 |
| Females | 24.0 | 24.8 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.2 | 24.5 |
| Females | 25.7 | 27.0 |
| Sensitivity analysis | £'000 | £'000 |
| Discount rate +0.1% | 2,483 | 1,717 |
| Discount rate -0.1% | (2,501) | (1,735) |
| Mortality assumption – 1 year increase | (1,352) | (925) |
| Mortality assumption – 1 year decrease | 1,349 | 901 |
| CPI rate +0.1% | (2,115) | (1,504) |
| CPI rate -0.1% | 2,075 | 1,491 |

The Trust's share of the assets in the scheme were:

| | 2019 | 2018 |
|------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Equities | 29,651 | 24,246 |
| Gilts | 647 | 619 |
| Corporate bonds | 8,331 | 6,862 |
| Property | 5,197 | 3,680 |
| Cash and other liquid assets | 1,188 | 1,140 |
| Derivatives | 462 | 705 |
| Investment funds | 6 | 2 |
| Asset backed securities | 5 | 2 |
| Other | 2,131 | 1,358 |
| Total market value of assets | <u>47,618</u> | <u>38,614</u> |

The return on scheme assets was £2,634,000 (2018: £1,870,000)

Notes to the Financial Statements
For the year ended 31 August 2019

20 Pension and Similar Obligations (continued)

Amount recognised in the Statement of Financial Activities

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Current service cost (net of employer contributions) | 2,874 | 3,679 |
| Past service cost | 923 | - |
| Net interest cost | 755 | 778 |
| Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement | - | 151 |
| Admin expenses | 49 | 2 |
| Total amount recognised in the SOFA | <u>4,601</u> | <u>4,610</u> |
| - | | |

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

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| At 1 September 2018 | 65,936 | 62,945 |
| Transferred in on existing academies joining the trust | 626 | (1,730) |
| Transferred out on existing academies leaving the academy trust | - | - |
| Current service cost | 8,232 | 9,203 |
| Past service cost | 923 | 0 |
| Interest cost | 1,904 | 1,625 |
| Employee contributions | 1,402 | 1,279 |
| Actuarial (gain)/loss | 15,035 | (7,235) |
| Benefits paid | (395) | (151) |
| At 31 August 2019 | <u>93,663</u> | <u>65,936</u> |

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

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| At 1 September 2018 | 38,614 | 31,708 |
| Transferred in on existing academies joining the trust | - | - |
| Transferred out on existing academies leaving the academy trust | - | (1,216) |
| Interest on assets | 1,149 | 847 |
| Actuarial (gain)/loss | 1,539 | 1,290 |
| Employer contributions | 5,358 | 4,859 |
| Employee contributions | 1,402 | 1,279 |
| Benefits paid | (395) | (151) |
| Admin expenses | (49) | (2) |
| At 31 August 2019 | <u>47,618</u> | <u>38,614</u> |
| Net defined benefit liability / (asset) | <u>46,045</u> | <u>27,322</u> |

The estimated value of employer contributions for the year ended 31 August 2020 £5,366,000

Notes to the Financial Statements
For the year ended 31 August 2019

| | | |
|--|-----------------------|--------------------|
| 21 Reconciliation of net income / (expenditure) to net cash flow from operating activities | 2019 | 2018 |
| | Total | Total |
| | £'000 | £'000 |
| Net income / (expenditure) for the reporting period (as per the statement of financial activities) | 23,950 | (16,785) |
| Adjusted for: | | |
| Depreciation and Impairment charges (note 12) | 10,883 | 18,577 |
| Assets gifted on conversion | (36,481) | (14,903) |
| Capital grants from DfE and other capital income | (5,866) | (3,000) |
| Interest receivable (note 5) | (51) | (57) |
| Defined benefit pension scheme net finance cost/ (income) | 5,227 | 5,108 |
| Defined benefit pension scheme cost less contributions payable | - | - |
| (Increase) / decrease in stock | 3 | (6) |
| Decrease / (increase) in debtors | (214) | (280) |
| Increase / (decrease) in creditors | (123) | 1,661 |
| Loss on disposal of tangible fixed assets | - | 9,620 |
| Net cash provided by / (used in) operating activities | <u>(2,672)</u> | <u>(65)</u> |

| | | |
|--|---------------------|---------------------|
| 22 Cashflow from financing activities | 2019 | 2018 |
| | Total | Total |
| | £'000 | £'000 |
| Repayment of borrowing | (600) | - |
| Cash inflow from new borrowings | 3,000 | 3,000 |
| Net cash provided by/(used in) financing activities | <u>2,400</u> | <u>3,000</u> |

| | | |
|--|--------------|--------------|
| 23 Capital Commitments | 2019 | 2018 |
| | £'000 | £'000 |
| Contracted for, but not provided in the financial statements | <u>379</u> | <u>2,577</u> |

24 Commitments under operating leases

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

| | | |
|---------------------------------------|--------------|--------------|
| | 2019 | 2018 |
| | £'000 | £'000 |
| Amounts due within one year | 311 | 185 |
| Amounts due within two and five years | 993 | 542 |
| Amounts due after five years | 544 | 904 |
| | <u>1,848</u> | <u>1,631</u> |

25 Related party transactions

Owing to the nature of the organisation's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which someone may have an interest. All transactions involving such organisations are conducted at arm's-length and in accordance with the organisations financial regulations and normal procurement procedures. The following related party transactions took place in the period of the accounts.

During the year the academy trust entered into the following transactions with Reach South Academy Trust a company in which Sir Steve Lancashire is a trustee

- Supplies relating to goods and services provided by REAch2 for Reach South amounted to £12,768 in the year, with a debtor balance of £96,720 at the year end.

Income relating to services provided by Raach2 Inspiration Limited, a whole owned subsidiary of REAch2 Academy Trust amounted to £247k in the year, with a debtor balance of £1,030k and costs of £472k during the year with a creditor balance of £808k at the year end.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2018.

**Notes to the Financial Statements
For the year ended 31 August 2019**

26 Post balance sheet events

On 1 September 2019 one new primary school joined the Trust:

- Lower Farm Primary Academy, a new free school based in Nuneaton.

At the time of signing the accounts management have not been able to determine the value of funds transferred to the Trust relating to this school.

27 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.

28 Conversion to an academy

During the year the below joined the Trust with all of their operations, assets and liabilities being transferred to REAch2 Academy Trust from the relevant Local Authorities and legacy academies for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the Balance Sheet under the appropriate headings, with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations - transfer on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

| Academy | Location | Date of Conversion | |
|--|-----------------|---------------------------|-------------------------|
| Springfield Primary Academy | Birmingham | 1st December 2018 | |
| Net assets transferred: | | | 2019 |
| | | | £'000 |
| Leasehold land and buildings | | | 3,712 |
| Cash | | | 0 |
| Recognised income within the SOFA | | | <u>3,712</u> |
| LGPS pension deficit recognised as expenditure within the SOFA | | | (626) |
| Total net assets acquired | | | <u><u>3,086</u></u> |

29 Transfer out of existing academies leaving the academy trust

During the year the below academy closed and the remaining reserves have been transferred to central reserves of the Trust.

| Academy | Location | Date of leaving |
|-----------------|-----------------|------------------------|
| Minerva Academy | London | 1st September 2018 |

There is no impact on the Statement of Financial Activities or Balance Sheet of the above transfer

Notes to the Financial Statements
For the year ended 31 August 2019

30 Investments

REAch2 Academy Trust owns 100% of the issued ordinary share capital of Reach2 Inspiration Limited, a company incorporated in England and Wales. The subsidiary is engaged in the supply of services to education. Its financial year ends on 24 August 2019.

The accounts of the subsidiary do not justify consolidation, as Reach2 Inspiration Limited is not deemed to be material to the organisation as a whole. The materiality of the trading company will be reviewed on an annual basis, thus ensuring that the financial statements continue to be prepared using best accounting practice.

31 Teaching School Trading Account

| | 2019 | 2019 | 2019 | 2018 | 2018 | 2018 |
|---|----------|------------|-----------|----------|-----------|-----------|
| | Total | Total | Total | Total | Total | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | | |
| Direct Income | | | | | | |
| Other income | | 156 | | | 91 | |
| Other Income | | | | | | |
| Fundraising and other trading activities | | <u>74</u> | | | <u>0</u> | |
| Total Income | | | 230 | | | 91 |
| Expenditure | | | | | | |
| Direct Costs | | | | | | |
| Direct staff costs | 112 | | | 19 | | |
| Staff development | 0 | | | 0 | | |
| Other direct costs | <u>0</u> | | | <u>0</u> | | |
| Total direct costs | | 112 | | | 19 | |
| Other costs | | | | | | |
| Support staff costs | 13 | | | 10 | | |
| Depreciation | 0 | | | 0 | | |
| Technology costs | 0 | | | 0 | | |
| Recruitment | 0 | | | 0 | | |
| Security | 0 | | | 0 | | |
| Other support costs | 99 | | | 47 | | |
| Governance costs | <u>0</u> | | | <u>0</u> | | |
| Total other costs | | <u>112</u> | | | <u>57</u> | |
| Total Expenditure | | | 224 | | | 76 |
| Transfer between funds excluding depreciation | | | | | | <u>0</u> |
| Surplus/(Deficit) from all sources | | | 6 | | | 15 |
| Teaching School Balance as at 1 September 2018 | | | <u>15</u> | | | <u>0</u> |
| Teaching School Balance as at 31 August 2019 | | | <u>21</u> | | | <u>15</u> |