

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 Rosedale
 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
Guntton 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 RoadCroydonCR0 6JN
Scientia Academy	Helen Bye	Mona Road, Burton-upon-Trent, DE13 0UF
Silkmore Primary Academy	Jo Connelly	Exeter Street, Stafford ST17 4EG
Sir Martin Froisher 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 Misselbrook (Head of School)	Whitelea Road, Littlehampton, Wick BN17 7JL
Wilshire-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 $(7/3215) \times 100 = 0.2177294\%$
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										Key Stage 2 (Year 6) Progress Scores					Key Stage 1 (Year 2) Expected Standard %				Phonics		EYF5 GLD %	
Academy Name		Academy Type	Current Ofsted Judgement	Attendance	RWM Combined		Key Stage 2 (Year 6) Expected Standard %		Key Stage 2 (Year 6) Progress Scores			Key Stage 1 (Year 2) Expected Standard %		Year 2 Phonics (Cumulative)	Year 1 Phonics							
									Reading Progress Score	Writing Progress Score	Maths Progress Score	Reading	Writing	Maths								
National	Aerodrome Primary	Converter	Good	95.8%	65%	73%	78%	79%	No Data	No Data	No Data	75%	69%	76%	91%	82%	No Data					
	Beebles Primary	Sponsored	Requires Improvement	94.2%	69%	78%	76%	83%	4	1.6	4.6	79%	76%	78%	78%	78%	75%					
	Brampton Primary	Converter	Good	96.9%	69%	71%	80%	77%	1	2.3	0.1	71%	64%	71%	70%	83%	70%					
	Burrowsville Infant	Sponsored	Good	96.9%	69%	83%	90%	79%	-1.1	0.6	-1.8	78%	71%	82%	95%	84%	85%					
	Bushbury Lane	Sponsored	Not Yet Inspected	95.7%	43%	50%	68%	57%	-2	-1.8	-3.2	74%	56%	76%	93%	88%	72%					
	Camulus	Sponsored	Good	96.0%	50%	75%	81%	75%	-2.3	-3.6	-4.6	55%	58%	61%	81%	79%	68%					
	Chapel End Junior	Sponsored	Good	96.3%	64%	77%	87%	70%	-1.7	0.7	-1.5	86%	63%	73%	97%	81%	74%					
	Chigwell Primary	Sponsored	Good	96.5%	71%	76%	83%	81%	0.8	1.8	2.1	80%	80%	80%	88%	89%	84%					
	Civitas	Sponsored	Good	94.1%	68%	75%	83%	77%	Up to Year 6 Only	Up to Year 6 Only	Up to Year 6 Only	66%	64%	78%	96%	86%	69%					
	Concordia	Free school	Outstanding	95.7%	73%	83%	77%	83%	4.5	3.2	4.4	85%	72%	72%	57%	93%	77%					
Local	Copperfield	Sponsored	Inadequate	94.1%	36%	48%	64%	44%	-3.9	-2.8	-4.8	46%	41%	53%	65%	71%	78%					
	Dorothy Barley Junior	Sponsored	Good	95.6%	55%	63%	76%	71%	-1.1	0.5	-1.3	78%	70%	72%	95%	87%	63%					
	Eastbrook Primary	Sponsored	Outstanding	95.7%	68%	87%	80%	82%	1.3	-0.2	1.8	77%	77%	80%	93%	86%	72%					
	Five Spires	Sponsored	Good	96.6%	77%	87%	77%	87%	2.6	0.9	0.5	80%	71%	83%	100%	86%	72%					
	Garden City	Sponsored	Good	95.3%	73%	83%	77%	83%	4.5	3.2	4.4	76%	72%	80%	93%	82%	73%					
	Green Ridge Primary	Free school	Not Yet Inspected	No Data				Up to Year 6 Only	Up to Year 6 Only	Up to Year 6 Only	Reception only	83%	70%	87%	96%	65%	76%					
	Heath Hayes Primary	Sponsored	Good	96.5%	77%	87%	77%	87%	2.6	0.9	0.5	79%	79%	86%	93%	77%	73%					
	Kemsley Primary	Sponsored	Good	95.5%	42%	48%	71%	65%	-2.7	0.8	-1.9	76%	72%	83%	93%	81%	76%					
	Kirby Primary	Sponsored	Good	95.5%	70%	76%	83%	82%	-1.3	0.3	-1.6	84%	84%	88%	100%	88%	90%					
	Langtons Junior	Sponsored	Good	96.0%	70%	76%	83%	82%	-1.3	0.3	-1.6	61%	45%	59%	84%	81%	71%					
Regional	Lawley Village	Sponsored	Good	96.8%	54%	64%	73%	73%	3.7	5.1	4	83%	85%	87%	94%	100%	78%					
	Manor Park Primary	Sponsored	Good	95.9%	75%	94%	88%	81%	1.6	-1	-1.5	75%	73%	80%	90%	70%	71%					
	Martlesham Primary	Sponsored	Good	96.6%	54%	57%	75%	75%	-2.2	0.6	-1.8	73%	73%	80%	90%	70%	71%					
	Milton Court Primary	Sponsored	Good	95.1%	79%	81%	85%	83%	3.4	2.5	1.5	71%	71%	71%	98%	90%	76%					
	Moor Green Primary	Sponsored	Outstanding	94.4%				Up to Year 6 Only	Up to Year 6 Only	Up to Year 6 Only	Reception only											
	Newhall Primary	Free school	Not Yet Inspected	No Data				Up to Year 6 Only	Up to Year 6 Only	Up to Year 6 Only	Reception only											
	Northfield St Nicholas Primary	Sponsored	RI	95.8%	49%	53%	71%	68%	-3	-0.5	-2.4	68%	67%	67%	100%	81%	71%					
	Norton Caves Primary	Sponsored	Good	95.3%	53%	63%	69%	72%	-5.5	-4.3	-4.4	58%	53%	56%	94%	87%	69%					
	Oakfield Primary	Sponsored	Good	95.4%	65%	75%	68%	77%	-0.7	-0.6	0	68%	57%	71%	88%	86%	75%					
	Pemberley	Sponsored	Good	96.0%				Up to Year 6 Only	Up to Year 6 Only	Up to Year 6 Only	Reception only											
National	Phoenix St Peter	Sponsored	RI	95.0%	45%	55%	68%	64%	1.4	4.3	0.3	75%	65%	80%	95%	80%	76%					
	Purfleet Primary	Sponsored	Good	94.0%	74%	75%	79%	81%	-0.2	-0.6	-0.2	74%	64%	71%	99%	88%	74%					
	Racemeadow Primary	Sponsored	Good	95.0%	62%	70%	72%	76%	1	0.5	0.3	72%	65%	74%	98%	86%	76%					
	Ranikhet	Sponsored	Inadequate	94.5%	51%	57%	71%	69%	1.2	1.4	-0.8	68%	64%	64%	94%	78%	77%					
	Riverside	Sponsored	Good	96.0%	77%	80%	83%	83%	-0.6	0.4	0	77%	77%	80%	90%	83%	70%					
	Robert Fitzroy	Sponsored	Good	96.8%	50%	62%	72%	65%	0	1.1	-1.5	69%	68%	69%	92%	85%	70%					
	Scientia	Sponsored	Good	95.9%	75%	75%	85%	85%	-0.5	0.6	-0.1	82%	70%	80%	95%	90%	75%					
	Silkmere Primary	Sponsored	Outstanding	94.2%	73%	77%	77%	73%	1.3	2.4	-1.7	77%	70%	73%	83%	86%	74%					
	Sir Martin Froisher	Sponsored	RI	93.3%	59%	62%	62%	65%	-0.2	2.1	-2.3	51%	49%	51%	78%	51%	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%					
Local	Springhill Primary	Sponsored	Good	94.7%	59%	68%	73%	82%	-2.7	-2.1	-3	81%	76%	76%	95%	82%	67%					
	Sprites Primary	Sponsored	Inadequate	95.4%	48%	54%	58%	54%	-5.7	-4.3	-5.7	40%	35%	29%	75%	65%	67%					
	St Margaret's Primary	Sponsored	RI	93.9%	59%	67%	69%	74%	-1.4	-1.9	-2.2	65%	60%	68%	95%	90%	70%					
	St Mark's Church of England Primary	Sponsored	Good	95.1%	41%	59%	77%	55%	-2.2	1	-1.9	54%	50%	50%	88%	76%	75%					
	Summerside Primary	Sponsored	Not Yet Inspected	95.2%	70%	74%	85%	88%	3.1	5.2	7.3	71%	71%	77%	93%	81%	66%					
	The Globe Primary	Sponsored	Good	95.6%	57%	68%	75%	68%	1.1	1.9	-1	76%	64%	77%	93%	75%	82%					
	The Limes Primary	Free school	Not Yet Inspected	No Data				Reception only	Reception only	Reception only	Reception only											
	The Palmer Primary	Sponsored	Good	94.7%	53%	55%	69%	74%	-0.6	0.4	0.7	69%	62%	75%	91%	75%	77%					
	The Woodside Primary	Sponsored	Outstanding	94.3%	72%	76%	89%	86%	3	4.8	2.8	75%	71%	80%	94%	83%	70%					
	Tidemill	Converter	Outstanding	96.9%	86%	72%	86%	83%	2.9	4	5.8	74%	70%	72%	80%	67%	73%					
Regional	Timberwood	Sponsored	Good	94.1%	81%	86%	84%	86%	1.8	1.8	3.4	73%	67%	70%	86%	80%	75%					
	Unist Primary	Sponsored	Good	94.2%	64%	70%	74%	85%	2.3	-1.2	2.5	66%	62%	69%	90%	76%	65%					
	Yertas Primary	Sponsored	Good	96.0%	70%	80%	83%	87%	-0.8	0.4	-0.6	84%	73%	80%	91%	85%	73%					
	Water Lane Primary	Sponsored	Good	95.0%	71%	79%	71%	79%	2.6	0.4	0.4	75%	72%	82%	93%	73%	75%					
	White Meadows Primary	Converter	Good	96.7%	71%	79%	79%	83%	1	0.5	0.4	81%	69%	81%	93%	76%	66%					
White Meadows Junior	Sponsored	Good	96.0%	72%	77%	88%	82%	-2	0	-2.4												

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, ESFA/ALA 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 forecasts 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	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2019	2018
		Funds	Funds	Asset Funds		
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
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 £'000	£'000	2018 £'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	2,400	3,000
		<u>2,400</u>	<u>3,000</u>
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				
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
	Premises	Other Costs		2019	2018
	£'000	£'000	£'000	£'000	£'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	2018
	£'000	£'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
<i>Direct costs</i>		
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>
<i>Support costs</i>		
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
	<u>83,139</u>	<u>77,717</u>
Supply staff costs	3,049	3,632
Staff development and other staff costs	329	1,324
Pension liability inherited on transfers	626	565
	<u>87,143</u>	<u>83,238</u>

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.
Charitable Activities		
Teachers	814	931
Admin and support	1,153	1,154
Management and central team	201	92
	<u>2,168</u>	<u>2,177</u>

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

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

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
Burnsville 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	18	-
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
Wiltshire-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

	2019	2018
(Included in Accruals and deferred income above)	£'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
Wilshire-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>

12 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	2,193	319	81	409	3,008	3,196
Beccles Primary Academy	873	225	13	177	1,288	1,385
Brimpton Primary Academy	1,225	192	29	512	1,958	1,932
Bursville Infant Academy	649	170	23	224	1,066	1,210
Buckbury Lane	678	132	44	299	1,153	1,025
Castle Hill Academy	-	-	-	-	-	51
Camulos Academy	724	35	351	1,254	960	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	946	698
Concordia Primary Academy	339	68	16	149	572	383
Copparrfield Academy	1,392	159	47	898	2,496	2,353
Dorothy Bailey Junior Academy	1,591	239	55	532	2,357	2,352
Eastbrook Primary Academy	1,397	231	32	263	1,923	1,932
Five Spires Academy	371	100	31	135	638	562
Garden City Academy	970	126	35	248	1,379	1,375
Greenridge 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	136	17	178	1,010	1,014
Kirby Primary Academy	611	198	16	183	968	935
Langens Junior Academy	765	179	22	347	1,313	1,341
Lawley Village Academy	419	58	35	170	682	552
Minor Park Primary Academy	1,275	318	44	449	2,086	2,176
Mardsham Primary Academy	305	95	27	101	528	573
Milton Court Primary Academy	758	95	22	172	1,048	1,056
Minerva Academy	-	26	-	-	26	1,153
Moor Green Primary Academy	1,245	169	22	440	1,896	2,142
Newhall Primary Academy	286	256	24	141	689	-
Northfield St Nicholas Primary Academy	1,631	343	56	255	2,285	2,488
Notton Canes Primary Academy	895	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	1,135
Purfleet Primary Academy	1,660	432	52	496	2,590	2,596
Race Meadow Primary Academy	841	135	28	251	1,250	1,148
Reinket Academy	795	86	36	583	1,453	1,205
Rease2 Head Office	1	5,680	189	2,996	8,866	9,355
Riverside Academy	643	133	16	235	1,027	1,073
Robert Fitzroy Academy	2,419	522	88	712	3,741	3,437
Sciencia Academy	1,069	223	66	337	1,721	1,571
Silkmere Primary Academy	891	138	29	337	1,395	1,220
Sir Martin Froisher	661	205	77	882	1,825	1,633
Springfield Primary Academy	1,082	225	28	1,221	2,556	-
Springhill Primary Academy	555	85	14	294	948	975
Sprites Primary Academy	1,119	294	34	286	1,733	1,760
St Margaret's Primary Academy	1,367	283	100	393	2,143	2,024
St Mark's Church of England Primary Academy	657	135	17	164	973	1,010
Summerside Primary Academy	1,887	338	33	465	2,723	2,937
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	138	44	465	2,137	2,017
The Woodside Primary Academy	4,495	1,038	98	754	6,385	6,738
Tidmill Academy	2,173	386	60	759	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	34	337	1,571	1,351
Water Lane Primary Academy	622	143	11	127	903	848
White Meadows Primary Academy	2,229	300	65	249	2,843	2,951
Wishere-Dacre Junior Academy	698	126	31	255	1,110	1,188
	60,696	17,790	2,388	23,009	104,091	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

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	47,618	38,614

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	(2,672)	(65)

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	2,400	3,000

23 Capital Commitments	2019	2018
	£'000	£'000
Contracted for, but not provided in the financial statements	379	2,577

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
	1,848	1,631

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		3,712
LGPS pension deficit recognised as expenditure within the SOFA		(626)
Total net assets acquired		3,086

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 Total £'000	2019 Total £'000	2019 Total £'000	2018 Total £'000	2018 Total £'000	2018 Total £'000
Income						
Direct Income						
Other income		156			91	
Other Income						
Fundraising and other trading activities		74			0	
Total Income			230			91
Expenditure						
Direct Costs						
Direct staff costs	112			19		
Staff development	0			0		
Other direct costs	0			0		
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	0			0		
Total other costs		112			57	
Total Expenditure			224			76
Transfer between funds excluding depreciation						0
Surplus/(Deficit) from all sources			6			15
Teaching School Balance as at 1 September 2018			15			0
Teaching School Balance as at 31 August 2019			21			15