

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr J Ellison Ms S Simon Sir S Lancashire
Trustees	Mr M Agius, Chair of Trustees ^{1,5} Mr D Ashton, Chief Executive Officer ^{1,3,4,5} Mr A Gunn ^{1,3} Ms S Inghish, Vice Chair of Trustees ^{2,5} Mr M Papworth ^{2,5} Ms A Stevens ^{3,4} Dr C Gentle ^{1,3} Lady P Marland ⁴ Ms B Lacey ^{1,4,5} Mr A Newton ^{3,4} Ms G Beaver ² ¹ Finance ² Risk & Audit ³ HR ⁴ Education Performance & Standards ⁵ Covid-19 Recovery
Company registered number	10151730
Company name	Reach South Academy Trust
Principal and registered office	C/O UTC Plymouth Park Avenue Devonport Plymouth Devon PL1 4RL
Chief executive officer	Mr D Ashton
Senior Management Team	Mr D Ashton, Chief Executive Officer Ms M Wilkins, Director of Finance Ms O Frings, Director of HR Mr M Elms, Director of Primary Education Mr I Carnwell, Director of Learning Environment Mr I Chilvers, Director of Finance (Interim) Mr T Kirk, Director of Finance (Interim)
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Solicitors	Veale Wasborough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA
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**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and Auditors' Report of the Charitable Company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates eight primary Academies, one all-through 3-16 Academy and one University Technical College in Plymouth; two primary Academies and one all-through 4-16 Academy in Bournemouth, Poole and Christchurch; and a special Academy in Wiltshire.

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 Reach South Academy Trust are also the Directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, and to the date the accounts are approved are included in the Reference and Administration Details on pages 1 and 2.

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 they cease to be a Member.

Trustees' Indemnities

The Trust requires all Academies within the Trust to opt into the Academies Risk Protection Arrangement (RPA):

<https://www.gov.uk/government/publications/risk-protection-arrangement-rpa-for-academies/academies-risk-protection-arrangement-rpa>

RPA cover applies to the central infrastructure of the MAT as well as the individual Academies. The RPA provides indemnity for Trustees / Governors to a maximum aggregated value of £10 million during any one membership year.

TRUSTEES

Method of recruitment and appointment or election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- The number of Trustees shall be not less than three and the maximum number shall be twelve.
- Up to eight Trustees who are appointed by Members.
- Co-opted Trustees appointed by the Board.
- The CEO appointed by Members, providing the CEO agrees so to act which was the case for the accounting period.

Parental representation in the governance structure is through election to the relevant Local Governing Body.

Trustees are appointed for a four-year period, except that this time limit does not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

The Board has established a Nominations Committee to consider the candidature of potential new Trustees prior to recommendation for full Board consideration.

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

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience. During 2019-20 the training programme has been significantly impacted by the Covid-19 pandemic and the move to virtual meetings from March 2020. No new Trustees, requiring induction, joined the Board during this period. Trustees did receive briefings on:

- Pupil performance at the end of KS2, KS4 and KS5.
- Ofsted inspection structure and grade interpretation.
- Covid-19 infection nature, risks and Government guidance.

Organisational Structure

The Academy Trust has adopted a scheme of delegation of governance set out at:
<http://www.reachsouth.org/governance/gov>

During the period of this report, the Board of Trustees also acted as a Regional Board.

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committee Chairman reports. It monitors the activities of the Committees through the minutes of their meetings and their reports to the full Board. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are seven Committees as follows;

- **Finance Committee** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management.
- **Risk and Audit Committee** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing compliance with reporting and regulatory requirements. The Committee also receives reports from the Responsible Officer/internal auditor and the external auditors, and provides overview and scrutiny of management response to audit findings.
- **Education Performance and Standards Committee** - this meets three times a year to monitor, evaluate and review policy, practice and performance in relation to education performance, target setting and assessment, examinations and all pastoral issues.
- **Human Resources Committee** - this meets at least three times a year to monitor, evaluate and review policy and regulatory compliance in relation to all matters relating to staffing.
- **Trustee Nominations Committee** – considers the person specification for recruiting new Trustees and candidate eligibility prior to recommendation to full Board for consideration.
- **Remuneration Committee** – considers salary and performance of the CEO and Executive staff.
- **Covid-19 Recovery Committee** – this was set up during the Covid-19 pandemic, to scrutinise and authorise plans for the wider opening of Academies.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy Trust and its Committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO and Clerk to the Trustees, and to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for the day-to-day management of the Academy Trust to the CEO and Executive Team through the 'Terms of Reference for Delegation to the Executive'. The CEO is the Accounting Officer.

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

The Executive comprises the CEO, Directors of Education, Director of Finance, Director of HR and Director of the Learning Environment. The Executive implements the policies laid down by the Trustees and reports back to them on performance.

The Academy Trust has a leadership structure, which consists of the Trustees, Executive Team and Academy Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. Each Academy has its own Local Governing Body responsible for day-to-day overview and scrutiny of the Academy's budget.

At the start of the Government's decision to ask all schools in England to close for normal purposes and only remain open for the children of key workers and vulnerable children, the Chairman wrote to all Local Governing Bodies (LGBs) on 25th March to suspend their roles until schools re-opened normally again. The Academy Trust has directly managed and governed its Academies during the emergency period. The only exception was the Millbay Academy Improvement Board. The Chairman also wrote to the Chairs of the LGBs on 3rd June to keep them informed about the process for the wider opening of Academies. The Chairman has also kept the Trust's Members advised of the situation through formal written communications on 25th March and 3rd June.

Direct governance has included Trustees carrying out the necessary functions of LGBs including sitting on pupil permanent exclusion panels. The Chief Executive has taken direct responsibility for the leadership of all Academies' meetings with all Headteachers at least twice a week.

The Trust Board has established a Covid-19 Recovery Sub-Committee to scrutinise and authorise the plans for the wider opening of its Academies. That Committee consists of:

- Marcus Agius (Chair)
- Dean Ashton (CEO)
- Sue English
- Bronwen Lacey
- Mark Papworth

The Committee met on 29th May and on 2nd June to scrutinise and approve the risk-based approach for the wider opening of all Academies in June. The Committee also maintained an oversight of the risk assessment based approach to the preparation of the full opening of Academies in September.

The Academy Trust has produced a range of documents to support the process of ensuring that Academies are as safe as they can be during the pandemic. All of these documents are published at:
<https://www.reachsouth.org/covid-19>

Following the Government's announcement that they intended all schools to open again in the autumn term, the Board met on 9th July and resolved that the LGBs should be reconstituted from 1st September 2020. The Chairman wrote to all LGB Chairs and Academy Principals, on 10th July, to advise them of the Board's decision to reconstitute the LGBs.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees and the Chief Executive Officer comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Academy Trust on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The Trustees have established a Remuneration Committee for reviewing executive pay and performance management. The pay of key management personnel is reviewed annually and normally increased in accordance with relevant national pay awards.

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

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	3. 87452

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2.87452
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,000
Provide the total pay bill	£20,705,898
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.0048%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	67%
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Related Parties and other Connected Charities and Organisations

The Academy Trust has collaborative links with REAch2 Academy Trust. The CEO of REAch2 Academy Trust, Sir Steve Lancashire, is a Member of Reach South Academy Trust.

There are no other related parties that either control or significantly influence the decisions and operations of Reach South Academy Trust.

Engagement with employees (including disabled persons)

Reach South Academy Trust recognises the benefits of having a diverse workforce and welcomes applications from all sections of the community. This applies to those accessing training, career progression and promotion within the Academy Trust. Under the provisions of the Equality Act 2010, the Academy Trust is required to demonstrate that its recruitment processes are fair and that it is not discriminating against or disadvantaging anyone because of their age, disability, gender reassignment status, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, sex or sexual orientation. A series of questions are asked at application stage in order to ascertain who is applying for each position and to ensure that no one is being unfairly discriminated against or disadvantaged. All staff have equal access to training and development, career progression and promotion.

The Academy Trust asks applicants to declare if they have a disability so that reasonable adjustments can be made to ensure that any selection processes - including the interview - are fair and equitable and are complying with the Equality Act 2010.

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

The Academy Trust offers a guaranteed interview scheme if the applicant meets the minimum criteria as specified in the person specification.

For employees who become disabled during their employment, the Academy Trust will support the Headteacher/Director in determining the reasonable adjustments that need to be put into place to support the employee. The Academy Trust does this through occupational health referral as well as other support services.

The Academy Trust is developing its recruitment policy which will, in addition to fair and transparent recruitment practices, include opportunities for career progression and promotion for all staff within the Academy Trust irrespective of their age, disability, gender reassignment status, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

The Academy Trust engages with its employees through many means and methods, including:

- Consulting with employees on key matters, including engaging the relevant union officials
- Trust wide Joint Negotiation and Consultative Committee with recognised national Trade Unions
- Staff representatives on Local Governing Bodies
- Staff meetings, annual events and Governors' conferences
- Regular updates to all staff members, via termly updates and the Reach Out newsletters, including covering both financial and non-financial performance

Engagement with suppliers, customers and others in a business relationship with the Trust

The Academy Trust works closely with suppliers and aims to process and pay all invoices within the agreed payment terms. The Academy Trust is now required to publish its payment practices every 6 months on the gov.uk website. For the period 1 March 2020 to 31 August 2020, the average time taken to pay invoices was 16 days. The Academy Trust paid 97% of invoices within 30 days, 2% in 31 to 60 days, and 1% in 61 days or more. The Academy Trust is aiming to achieve 100% of approved invoices to be paid within 30 days during 2020/21.

During Covid-19, the Government issued new procurement policy notes (PPN 02/20 and PPN 04/20) which encouraged maintained schools and Academy Trusts to continue to ensure key suppliers were paid, even when supplies were either reduced or paused temporarily. The Academy Trust supported this policy and paid these essential suppliers to ensure services could resume promptly when Government guidance allowed.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing: mainstream Academies offering a broad range of curriculum for pupils of different abilities; as well as special Academies organised to make special educational provision for pupils with special educational needs; and 16-19 Academies offering a curriculum appropriate to the needs of their students.

The Academy Trust aims to establish Academies principally in the South West region of England.

Objectives, Strategies and Activities

The Trustees set a three-year strategic plan for the period September 2018-August 2021. The strategic plan set out a clear vision for the Academy Trust and seven strategic priorities:

1. Every pupil makes progress.
2. Develop a STEAM (science, technology, engineering, arts and maths) curriculum to raise aspiration through relevant pathways.
3. Strengthen effective school intervention capacity.
4. Growth strategy.
5. Implement shared central services.
6. A people strategy for talent.
7. An estates strategy to inspire learning.

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

Achievements against these objectives were:

1. The Academy Trust achieved improved educational outcomes in 2019 compared to previous years:
 - a) The Academy Trust's KS1 phonics outcomes improved by 12% in 2019 compared to previous years. Due to Covid-19, there were no KS1 assessments in 2020.
 - b) The Academy Trust's KS2 outcomes, in terms of the percentage of 11-year olds achieving the combined expected outcomes in reading, writing and mathematics, improved by 20% in 2019 compared to the 2017 results. 46% of pupils achieved the expected outcome in 2017 compared to 55% in 2019. Due to Covid-19, there were no KS2 assessments in 2020.
 - c) Parkfield School achieved its best ever KS4 Progress-8 Score in 2019 of +0.32. The KS4 results at Parkfield, UTC Plymouth, Millbay Academy and Springfields Academy were all in line with expectations. However, due to the approach taken in awarding the GCSEs and Level 2 BTecs, due to Covid-19, there is little that can be concluded about the results this year.
 - d) KS5 results at UTC Plymouth in 2020 were very pleasing with a 100% pass rate in Extended Level 3 BTEC qualifications in Engineering and IT. Due to Covid-19 impacts on the awarding of the qualifications, they have limited analytical meaning. However, it is of positive note that 100% of students have progressed to employment, apprenticeships or higher education.
2. A key element of the development of the STEAM curriculum was to secure the sustainable numbers of students enrolling at UTC Plymouth. When the UTC joined the Academy Trust in October 2018, it had only 80 students. In September 2019, the Academy Trust increased the number of students to 160 and changed the age range of students from 14-19 to 13-19. During 2019-2020, the Academy Trust successfully applied to extend the age range to 11-19, with effect from September 2020. The confirmed number of students enrolled for September 2020, is 324. For the first time the UTC Plymouth will be operating at more than 50% of its capacity. A continuing projected trend of increasing numbers is expected in the following academic years. The UTC has led on the development of a primary STEAM curriculum that has been implemented in all of the primary settings.
3. The Academy Trust continues to add capacity to its school intervention and education improvement capacity. During 2019-2020, two significant collaborative partnerships were developed to further strengthen this capacity. Those collaborations were with: The Wyvern Federation and Lambeth Teaching School Alliance; and the Cornwall Education Learning Trust (CELT) and its teaching school.
4. The Academy Trust has achieved further growth during 2019-2020, with Plymouth School of Creative Arts joining the Academy Trust on 1st March 2020. This was a re-brokerage of the all-through 3-16 school that had been graded by Ofsted as being in Special Measures. The free school has now been re-named Millbay Academy. An Improvement Board has been put in place by the Academy Trust to govern the Academy and a new leadership team appointed. The Academy Trust has also been successful in its application to open a new special free school in Wiltshire. The intention is to open the special school provision in September 2022, in the south of Wiltshire. The provision will compliment that provided by Springfields Academy in the north of Wiltshire.
5. The development of the Academy Trust's shared central service for financial and HR services has been completed and fully implemented. This has included the move to an in-house full payroll service. The completion of the restructure to a shared central service has improved payment times for suppliers, improved the quality and timeliness of financial management reporting, and reduced costs.
6. The people strategy for talent included the delivery of school middle and senior leadership training sessions, between September 2019 and March 2020, and the completion of Visible Learning+ training for teachers in Plymouth. Planned training since March 2020 has been postponed due to the impact of Covid-19 and the partial closure of schools between 20th March 2020 and the end of the academic year.
7. The estates strategy to inspire learning has seen the continued planned investment in the school estate through the pooling of capital improvement funding and central oversight of the use of devolved capital funding. Our priority remains to secure safe and healthy buildings in the first instance, addressing the 'backlog maintenance' requirements of the buildings that the Academy Trust inherited. The Academy Trust has also secured a commitment in principle from the DfE, to a substantial capital investment in the Millbay Academy building to ensure that it is fit-for-purpose for many generations of students. This capital project is expected to be completed by September 2022.

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

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit, education in the South West of England. During the period to 31st August 2020, the focus of the Academy Trust's objective to advance education for the public benefit has been to:

- Operate eight primary Academies in Plymouth offering a broad and balanced curriculum.
- Operate two primary Academies in Bournemouth offering a broad and balanced curriculum.
- Operate a special Academy in Wiltshire providing a curriculum to meet the needs of children with Autistic Spectrum Disorder (ASD), Social, Emotional and Mental Health needs (SEMH), Specific Learning Disorder (SpLd), Attachment Disorder, Oppositional Defiance Disorder and Social Communication Disorder. The Academy operates its main site in Calne, Wiltshire; and a satellite provision, Springfields South, in Salisbury, Wiltshire.
- Operate an all-through 3-16 free school in Plymouth and an all-through 5-16 free school in Bournemouth, Christchurch and Poole offering a broad and balanced curriculum.
- Operate the UTC Plymouth, for 13-19 year olds, offering a specialist science, technology, engineering and maths (STEM) curriculum with a focus on engineering. From September 2020, the UTC Plymouth will extend their age range and operate for 11-19 year olds.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Achievements and performance of the Academy Trust during 2019-2020 have been significantly impacted by the Covid-19 pandemic. Following a public statement from the Secretary of State, all Academies closed for the majority of pupils on Monday 23rd March 2020.

From 23rd March, all Academies did remain open for the provision of what became known as 'EduCare'. EduCare was the provision of care and schooling for the children of critical workers and for vulnerable children.

- Critical workers included NHS and emergency services staff and employees of other essential services during the Covid-19 pandemic, including the Academy Trust's own staff, social care staff, food supply and retail staff and other essential services such as delivery drivers. Where a household had a critical key worker resident, they were entitled to access EduCare.
- Vulnerable children include children with an assigned social worker because they have a child protection plan, and children that have been referred to children's social services. Vulnerable children also include those identified by the Local Authority as having an education, health and care plan (EHCP). Vulnerable children also include those who have not been formally identified through a child protection plan or an EHCP but the school has evidential concerns about.

The Academy Trust provided EduCare for our eligible pupils on every weekday from 23rd March, including holiday periods and Bank Holidays. Attendance in the EduCare provision rose from 1% of the normal school population initially to around 5% by the start of June. In addition to the Academy Trust's pupils, some of its Academies also provided EduCare for pupils on rolls at other schools outside of the Academy Trust, which could not access the service from their own schools.

Throughout this period, the Academy Trust developed and provided Virtual Schooling for the 95% of children learning at home. A significant team was assembled, from across the Academy Trust, to coordinate and organise the virtual school content and delivery infrastructure.

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

During this period, all staff that could carry out their duties by working from home were required to do so. Staff who had a clinically vulnerable condition defined by the NHS or lived with a family member that was vulnerable, were supported to work from home if they wished to. Around 20% of staff were in one of these home working groups. The other 80% of staff were available to work in schools to deliver EduCare. Working on site was organised into three staff teams in each Academy that worked one-week on site and two-weeks at home. These rotas operated throughout the school holidays and Bank Holidays.

In May, the Government asked schools and Academy Trusts to plan for the wider opening of primary schools to take, in addition to the pupils entitled to EduCare, reception, year-1 and year-6 pupils (as well as nursery pupils where schools had a nursery) from 1st June. They also asked secondary schools to plan to take back year-10 and year-12 students from 15th June. This position was confirmed by the Secretary of State on 28th May. Following a detailed risk assessment approach and implementation of significant new arrangements to secure the necessary infection controls, the Academy Trust opened its Academies at the start of June for the wider group of pupils. A small number of schools were oversubscribed with requests for pupils to return. The capacity of the schools was constrained by the need to socially distance. These Academies operated an over-subscription criteria and waiting lists, which reflected Government guidance on prioritising pupils.

All national pupil assessments and examinations were cancelled by the Government for the summer of 2020.

Despite the significant disruption of the Covid-19 pandemic, the Academy Trust did secure the following achievements:

1. The development of a key stage 3 provision at UTC Plymouth has been completed on time. 94 pupils have registered for the new year-7 for September 2020, and 75 for year-9.
2. Plymouth School of Creative Arts joined the Academy Trust on 1st March 2020. The free school has been renamed Millbay Academy.

The Academy Trust has secured, in principle, the development of a new special free school, to open in south Wiltshire, in September 2022.

Key Performance Indicators

The Academy Trust has set a suite of financial key performance indicators and benchmarks by which each Academy is assessed on a monthly basis:

- GAG funding per pupil
- Total income per pupil
- Total expenditure per pupil
- Total staff costs per pupil
- Total non-staff costs per pupil
- Total staff costs as % of total expenditure

The comparative benchmark data was used to support and challenge each Academy's budget setting process.

Each Academy was set a target to achieve an in-year surplus of 2% of total income and a total labour cost of no more than 75% of total income. The exception to this was for Academies that are in a turnaround phase of which there were three. Eight Academies met both of these targets. Three Academies generated a surplus although it was less than 2% and of these, one met the staff costs target but the other two had 79%. Action is being taken in 20/21 to address the high staff costs in both of these schools.

Going Concern

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

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

FINANCIAL REVIEW

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE, which 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 useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the year ended 31 August 2020, the Academy Trust received total income, excluding amounts transferred from existing Trusts, of £30,404,452 and incurred total expenditure of £33,581,049. The excess of expenditure over income for the year was £3,176,597.

At 31 August 2020, the net book value of fixed assets was £91,243,560 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

In respect of the school that joined in year, the land, buildings and other assets were transferred to the Academy Trust upon conversion. The Land and buildings were professionally valued on 1st March 2020 at £18,145,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share (£231,470 deficit) was transferred across on conversion.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Procedure Policy and the Scheme of Delegation of Financial Powers, which lay out the framework for financial management, including financial responsibilities of the Board, Headteachers, Executives, Executive Business Managers and other staff, as well as delegated authority for spending. Other policies reviewed and updated included the Expenses Policy and the Donations Policy.

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately 5% of GAG income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to support the Trust through the investment in resources. Total reserves of the Academy Trust amount to £92,716,624 (excluding the defined benefit pension liability), although £92,011,101 of this is invested in fixed assets or represents non-GAG restricted funds. The remaining £705,523 (representing £794,621 unrestricted funds and £89,098 deficit GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

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

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds is delegated to the Finance Director within strict guidelines approved by the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has a Risk and Audit Sub-Committee whose responsibility is to scrutinise and consider the Academy Trust's risk profile and the management of those risks. The Academy Trust maintains a risk-register. The Chair of the Risk and Audit Committee provides a report to the full Board at all of their meetings. The Academy Trust also requires each Academy LGB to maintain a risk register and scrutinise and challenge management actions to manage those risks. The Academy Trust requires all of its Academies to subscribe to the Government's Risk Protection Arrangements (RPA) for Academies.

Principal risks identified by Trustees are:

1. Preventable Risks
 - a) Financial
 - b) Safeguarding
 - c) Data Protection
 - d) Staffing
 - e) Estates
2. Strategic Risks
 - a) Educational performance
 - b) Extending the UTC Plymouth Age Range
 - c) Educational inspection outcomes
 - d) Rate of growth to achieve financial sustainability
 - e) Centralisation of back office services
 - f) Estates regulatory compliance, health, and safety
3. External Risks
 - a) Pensions liability
 - b) Energy supply and costs
 - c) Brexit

Covid-19 Risks

In anticipation of the international spread of Covid-19 at the start of the year, the CEO appointed the Director of the Learning Environment to lead on the co-ordination and preparations for minimising the risk of Covid-19 infection impacting on our Academies. The Director of the Learning Environment coordinated and implemented new hygiene regimes and the centralised procurement of hygiene equipment and consumables for all Academies.

The Risk & Audit Committee met on 25th February and elevated the risk of Covid-19 infection on the Academy Trust's strategic risk register and asked the CEO to advise Committee members immediately of any infections affecting any Academy. The identification of the risk and prioritisation of appropriate actions in February mitigated against the impact as the Covid-19 infection began to impact in the UK in March, including the partial closure of schools from 23rd March.

When the Government asked schools to plan the wider opening from 1st June, the Trust Board established a Covid-19 Recovery Sub-Committee.

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

On 29th May, the Committee considered the latest DfE guidance for the wider re-opening of Academies for primary aged pupils from 1st June and secondary aged pupils from 15th June. The Committee considered the risk-based approach being applied by the Trust to assess the control measures that would be required at each Academy. The approach could be summarised as:

1. The Academy Trust published 'Estates Management for Academies Commencing Operation Beyond Providers of EduCare' that set out the control measures required to meet the DfE guidelines for the safe operation of schools. The guidelines state that the social distancing of 2m should be observed; the Academy Trust had determined that this should be replaced with social distancing of 2m must be observed. This publication included a general risk assessment of the wider implications of operating during the infection period.
2. Each Academy Principal completed a comprehensive risk assessment for the wider opening of pupils, which considered all aspects of wider opening including premises, health and safety, curriculum, staffing and finances. A common risk template was issued by the Academy Trust and each Principal was supported by members of the Executive in completing the risk assessment.
3. The Academy Trust's health and safety consultants, G S Musson & Associates, <https://gsmusson.com/> then held an interview with each Principal to quality assure and refine the risk assessment for each Academy, only focused on the Covid-19 infection risks:
 - a) Transmission of Covid-19 from administering general first aid.
 - b) Transmission of Covid-19 from administering CPR first aid.
 - c) Transmission of Covid-19 to people from used PPE, equipment or waste.
 - d) Transmission of Covid-19 when carrying out a physical restraint.
 - e) Transmission of Covid-19 when carrying out intimate care.
 - f) Transmission of Covid-19 when supervising isolated pupils.
 - g) Transmission of Covid-19 when carrying out health questions on admittance each day.
 - h) Incorrect PPE or incorrect use of PPE.
 - i) Transmission of Covid-19 by being in close proximity.
 - j) Presence of infected persons in the school environment.
 - k) Transmission of Covid-19 to people from surfaces within the school environment.
 - l) Transmission through close proximity during emergency evacuation or lockdown.

The Academy Trust has published a generic example of such a risk assessment at:

[https://d82e36a5-67ec-4b94-9607-](https://d82e36a5-67ec-4b94-9607-90a3d36c742f.filesusr.com/ugd/6987ec_64074c1600d440778d2a3aed65fe74d0.pdf)

[90a3d36c742f.filesusr.com/ugd/6987ec_64074c1600d440778d2a3aed65fe74d0.pdf](https://d82e36a5-67ec-4b94-9607-90a3d36c742f.filesusr.com/ugd/6987ec_64074c1600d440778d2a3aed65fe74d0.pdf)

Each Academy published their specific risk assessment on their own website.

The Committee met again on 2nd June. The CEO reported that all Academy staff had been receiving training on 1st and 2nd June, on the control measures in place for operating 'class bubbles', observing social distancing, using new hygiene procedures and emergency procedures.

The Academy Trust has published two further guidance documents for Academies: 'Personal Protective Equipment Guidance for Academies Commencing Operations Beyond Providers of EduCare' and 'Reach South Health Screening Questionnaire'. The Academy Trust had centrally procured the appropriate PPE and provided the guidance and training for staff. The health screening questionnaire was to be used by reception staff to question everybody each day before they were allowed to enter the school premises.

The Committee considered in detail the assessed infection risks, all but two of which had been assessed as medium risk (tolerable but seek to reduce the risk profile). The other two risks (both of which related to the transmission of virus while preparing food) had been assessed as low risk. These risk assessments, agreed with G S Musson & Associates, were improved risks as a result of the implementation of the identified control measures in each Academy.

Once all control measures were in place in each Academy, a triple signature certification was provided for the wider opening of that Academy. The certificate was signed by the Director of the Learning Environment, the Headteacher and the CEO. The certificate identified the maximum number of pupils that could be admitted to the Academy in order to strictly observe the 2m social distancing.

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

The Committee authorised the CEO to approve the wider opening of each Academy subject to the triple certificate for wider opening being in place.

The same risk-based approach, updated to take account of new guidance published by the Government in July and August 2020, was taken in preparing all Academies to fully open for all pupils from the start of the new academic year in September 2020.

Non-Covid-19 Risks

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last year 100% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The introduction of the national funding formula by the Government will impact on this position. Indicative estimates by the Academy Trust and the Local Authority indicate that the Academies in Plymouth will financially benefit on a per pupil basis following the introduction of the national funding formula.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety, and discipline. A Safeguarding Lead for the Academy Trust has been appointed.

Staffing - the success of the Multi Academy Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy Trust has appointed an internal audit function to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy Trust has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy Trust. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health of the Academy Trust formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 26 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	
Energy consumption break down (kWh) (optional)	
• gas,	2,365,744
• electricity,	986,762
• transport fuel	
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	434.989
Owned transport – mini-buses	7.271
<u>Total scope 1</u>	442.260
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	230.054
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	9.290
Total gross emissions in metric tonnes CO2e	681.604
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.14253

Quantification and Reporting Methodology

The Academy Trust has followed the 2019 HM Government Environmental Reporting Guidelines. The Academy Trust has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

A key focus of the Academy Trust since its formation has been on energy efficiency linked to improving the quality of the learning environment. New LED lighting has been installed into nine schools and solar panels have been installed at eight schools via social enterprise funding. This is the bulk of the estate where this was viable and as such there have been little opportunities to make further improvements in year, beyond the installation of more energy efficient boilers into one school. A further opportunity has been identified in year to fix a significant solar panel installation onto one school. Planning consent has been applied for and granted (due to the proximity of an airport) following extensive work with the aviation authority. The installation is currently on hold whilst appropriate funding is sourced.

The Academy Trust has also increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

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

PLANS FOR FUTURE PERIODS

The Trustees have set out a seven-point strategic development plan to guide the Academy Trust's future development:

1. Every pupil makes progress:
 - a) Systematic development on promoting visible learning to secure consistent quality of learning and teaching.
 - b) Effective use and interpretation of data to prioritise educational support.
 - c) Consistent development of SEND support across all Academies.
2. Develop our science, technology, engineering, arts and maths (STEAM) curriculum across all key stages of learning to prepare pupils for employability and to make a contribution.
3. Strengthen our effective school intervention capacity of central intervention and school-to-school support, within a consistent school improvement framework.
4. Grow the Academy Trust further in order to support more pupils and secure cost efficiencies through economies of scale.
5. Implement shared central service to provide Academies with higher quality support services, such as finance, HR, estates and IT, at a lower cost.
6. A people strategy for talent to secure a high-quality workforce and succession planning for the future.
7. An estates strategy for inspiring learning.

Many aspects of this plan have been delayed due to the impact of Covid-19 on schools between March 2020 and September 2020. The Academy Trust now intends to continue to progress these plans.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust and its Trustees do not act as Custodian Trustees of any other Charity.

AUDITOR

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, approved by order of the members of the Board of Trustees on 17/12/2020 and signed on their behalf, by:



Marcus Agius
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer , 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 Reach South Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE STATEMENT (CONTINUED)

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 8 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
Mr M Agius, Chair of Trustees	7	8
Mr D Ashton, Chief Executive Officer	8	8
Mr A Gunn	7	8
Ms S Inghish, Vice Chair of Trustees	8	8
Mr M Papworth	5	8
Ms A Stevens	7	8
Dr C Gentle	6	8
Lady P Marland	5	8
Ms B Lacey	7	8
Mr A Newton	7	8
Ms G Beaver	2	8

Ms G Beaver was unable to attend a number of meetings on compassionate grounds.

The membership of the Board of Trustees has been stable during the 2019-20 financial year. There have been no resignations this year. The Board has a Nominations Committee of Trustees that identifies the skills and experience required in recruiting a new Trustee, identifies potential applicants that meet the requirements and recommends an appointment to the full Board. In 2020-2021, the Appointment Panel is looking to recruit two new Trustees, at least one of which will have significant experience of scrutiny and challenge of the education performance of 4-19 year olds.

The Trust has the following six sub-committees to the Board of Trustees:

- Nominations Committee
- Finance Sub-Committee
- Risk & Audit Sub-Committee
- Human Resources Sub-Committee
- Education Performance & Standards Sub-Committee
- Remuneration Committee

In addition to the above Sub-Committees, a Covid-19 Recovery Sub-Committee was formed to scrutinise and authorise plans for the wider opening of Academies.

Each Sub-Committee Chair presents a report of key findings and action taken to the Board of Trustees.

The Nominations Committee only meets when required for the consideration of nomination of a new Trustee. The Remuneration Committee meets when required to consider the remuneration or performance of members of the Executive Team.

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

Governance Review

The Board carried out an initial review of the effectiveness of governance at its meeting on 9th July 2019. The Board determined to carry out a fuller review during 2019-2020 to consider the following questions:

1. How well does the Trust Board operate?
2. How could the running of the Board meeting be improved?
3. How well does the Trust Board communicate with its stakeholders?
4. Do Trustees promote and adhere to the vision, values and ethos of the Trust?
5. Has there been an audit of Trustee skills and experiences?
6. Does the Board work effectively as a team?
7. Do all Trustees hold a responsibility to champion an aspect of Academy life?
8. Do Trustees maintain a good knowledge of education?
9. How has the Board made good use of data as the basis for developing a deep understanding of its Academies?
10. What do Trustees know about the work of Local Governing Bodies?
11. How are the Board notified of problems ahead that will adversely affect key outcomes, targets or financial performance?
12. How does the Board take full account of risks in its decisions?
13. How do Trustees remain well informed regarding major projects, programmes and new school acquisitions?

The process had been delayed due to the operational imperatives of maintaining the changes to operations during the Covid-19 partial school closures between March 20th and August 31st 2020. However, all Trustees have completed an individual review of the questions during the 2019-2020 year that will be considered collectively at the Board meeting in the autumn of 2020.

Finance Sub-Committee

The Finance Sub-Committee's Chair is Dr C Gentle and its purpose is to:

- to develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy
- to ensure sound management of finances and resources through the regular and robust review of financial monitoring reports from individual Academies
- to consider individual Academy budget proposals for authorisation
- to consider requests from Academies for exceptional revenue and/or capital expenditure
- to oversee financial management and cashflow of the Trust
- to oversee significant investment and capital financing decisions

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Dr C Gentle, Chair	6	6
Mr D Ashton	5	6
Ms B Lacey	5	6
Mr M Agius	5	6
Mr A Gunn	5	6

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

Risk & Audit Sub-Committee

The Risk & Audit Sub-Committee's Chair is Ms G Beaver and its purpose is to:

- to establish and monitor the Trust's internal control framework in order to provide assurance of strong internal financial management and governance
- to develop and keep under review risk management and measurement strategies across the Trust together with the procedures for monitoring the adequacy and effectiveness of those processes
- to make recommendations to the Board of Trustees in relation to the appointment, re-appointment and removal of the external auditor
- to review the external auditor's independence and objectivity as well as approve the external auditor's remuneration and terms of engagement

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms G Beaver, Chair	2	4
Ms S English	4	4
Mr M Papworth	2	4

The Trust's external auditor attends the meetings of the Risk and Audit Committee, whenever the auditor or the Chair of the Committee consider it appropriate. The Trust's Accounting Officer and Chief Financial Officer routinely attend the meetings.

Human Resources Sub-Committee

The Human Resources Sub-Committee's Chair is Mr A Gunn and its main duties include:

- to consider, determine and keep under review, and develop strategies and policies for human resources and organisational development
- to act as an ultimate panel for dispute resolution
- to promote equality and diversity across the Trust.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Gunn, Chair	3	4
Mr D Ashton	4	4
Dr C Gentle	4	4
Ms A Stevens	3	4
Mr A Newton	4	4

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

Education Performance and Standards Sub-Committee

The Education Performance and Standards Sub-Committee's Chair is Ms B Lacey and its main duties include:

- to ensure the highest possible standards of education are set and maintained across the Trust.
- to monitor pupil outcomes and ensure appropriate remedial action is taken where required
- to review and approve strategic school improvement plans and monitor outcomes against them

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms B Lacey, Chair	2	3
Mr D Ashton	2	3
Mr A Newton	2	3
Lady P Marland	3	3
Ms A Stevens	2	3

Covid-19 Recovery Sub-Committee

A Covid-19 Recovery Sub-Committee was formed during the pandemic, and the Chair is Mr M Agius. Its main duties have included:

- scrutinising and authorising plans for the wider opening of Academies in June.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius, Chair	2	2
Mr D Ashton	2	2
Ms S English	2	2
Mr M Papworth	2	2
Ms B Lacey	2	2

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Robust financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk.
- Challenging proposals and examining their effectiveness and efficiency.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.

GOVERNANCE STATEMENT (CONTINUED)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Reach South Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. The system of internal controls has been strengthened through the completion of a fully centralised financial management system and organisational structure.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Covid-19 pandemic outbreak, during the 2019-2020 period, posed one of the most significant risks to business continuity as well as the health and welfare of pupils and staff. The Trust's Risk and Audit Committee identified the significant nature of the risk in February 2020 and took additional risk assessment and mitigation steps at the time. The full Board monitored and scrutinised the Trust's actions to secure business continuity and the necessary steps to protect the health and wellbeing of staff and pupils. With the national closure of schools in March 2020, the Board stood down the Local Governing Bodies, and the Board directly governed all operations until September 1st 2020, when LGBs were reinstated. The Board also established a Covid-19 Recovery Committee to scrutinise and approve the wider opening of Academies in June 2020 and the full reopening in September 2020. For both events, the Trust carried out full risk assessments and management actions, which were quality assured through an external estates health and safety advisor, before each Academy could be signed off for wider reopening. The risk assessment process was also shared with the relevant Trade Unions before Academies opened for more pupils.

The Trust has demonstrated its capacity to handle risk is appropriate for the challenges facing the Trust.

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 programmes
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Bishop Fleming LLP as internal auditor for the 2019-2020 period. New arrangements are being put in place for the 2020-2021 financial year.

Bishop Fleming completed additional checks during the year 2020, with scope of the work and the work programme agreed before the new standards came into force. Advantage was therefore taken of the transitional arrangements to complete the assignment. For 2021 the Trust will look to engage a new partner to undertake this work.

GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK (CONTINUED)

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

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

On an annual basis, the internal auditor reports to the Board of Trustees through the Risk and Audit Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. In 19/20 the internal audit did not identify any material control issues.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive Officer 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 auditors;
- 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 result of their review of the system of internal control by the Risk and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Mr M Agius
Chair of Trustees



Mr D Ashton
Accounting Officer

Date: 16/12/2020

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reach South Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Mr D Ashton
Accounting Officer

Date: 16/12/2020

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the Going Concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



Mr M Agius
Chair of Trustees

Date: 16/12/2020

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REACH SOUTH ACADEMY TRUST

OPINION

We have audited the financial statements of Reach South Academy Trust (the 'Academy Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REACH SOUTH ACADEMY TRUST (CONTINUED)

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REACH SOUTH ACADEMY TRUST (CONTINUED)

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Pamela Tuckett FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date: 18/12/2020

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reach South Academy Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Reach South Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Reach South 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 Reach South Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF REACH SOUTH ACADEMY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Reach South Academy Trust's funding agreement with the Secretary of State for Education dated 1 December 2016 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

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



Pamela Tuckett FCA DChA (Reporting accountant)

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date: 18/12/2020

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants:	3					
Amounts transferred from existing Trusts		-	(2,191,470)	18,332,085	16,140,615	24,472,333
PNA reduction on conversion		-	-	-	-	250,000
Other donations and capital grants		7,816	804,503	87,874	900,193	1,443,849
Charitable activities	4	465,788	28,667,470	-	29,133,258	24,465,960
Other trading activities	6	288,241	81,122	-	369,363	391,747
Investments	7	1,638	-	-	1,638	1,616
TOTAL INCOME		763,483	27,361,625	18,419,959	46,545,067	51,025,505
EXPENDITURE ON:						
Charitable activities	8	736,266	30,907,244	1,937,539	33,581,049	28,830,756
TOTAL EXPENDITURE		736,266	30,907,244	1,937,539	33,581,049	28,830,756
NET INCOME/ (EXPENDITURE)		27,217	(3,545,619)	16,482,420	12,964,018	22,194,749
Transfers between funds	19	-	(671,860)	671,860	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		27,217	(4,217,479)	17,154,280	12,964,018	22,194,749
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	26	-	(1,132,000)	-	(1,132,000)	(2,818,000)
NET MOVEMENT IN FUNDS		27,217	(5,349,479)	17,154,280	11,832,018	19,376,749

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
RECONCILIATION OF FUNDS:					
Total funds brought forward	767,404	(13,986,012)	74,121,214	60,902,606	41,525,857
Net movement in funds	27,217	(5,349,479)	17,154,280	11,832,018	19,376,749
TOTAL FUNDS CARRIED FORWARD	794,621	(19,335,491)	91,275,494	72,734,624	60,902,606

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

The notes on pages 35 to 71 form part of these financial statements.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:10151730

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	15	91,243,560	73,979,535
CURRENT ASSETS			
Debtors	16	1,092,485	1,842,619
Cash at bank and in hand	24	3,757,228	2,605,775
		4,849,713	4,448,394
Creditors: amounts falling due within one year	17	(2,802,401)	(1,905,617)
NET CURRENT ASSETS		2,047,312	2,542,777
TOTAL ASSETS LESS CURRENT LIABILITIES		93,290,872	76,522,312
Creditors: amounts falling due after more than one year	18	(574,248)	(802,706)
NET ASSETS EXCLUDING PENSION LIABILITY		92,716,624	75,719,606
Defined benefit pension scheme liability	26	(19,982,000)	(14,817,000)
TOTAL NET ASSETS		72,734,624	60,902,606
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Fixed asset funds	19	91,275,494	74,121,214
Restricted income funds	19	646,509	830,988
Restricted funds excluding pension liability	19	91,922,003	74,952,202
Pension reserve	19	(19,982,000)	(14,817,000)
Total restricted funds	19	71,940,003	60,135,202
Unrestricted income funds	19	794,621	767,404
TOTAL FUNDS		72,734,624	60,902,606

The financial statements on pages 31 to 71 were approved by the Trustees, and authorised for issue on 16/12/2020 and are signed on their behalf, by:


Mr M Agius
 (Chair of Trustees)

The notes on pages 35 to 71 form part of these financial statements.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	21	1,121,495	(574,157)
CASH FLOWS FROM INVESTING ACTIVITIES	23	(34,039)	217,316
CASH FLOWS FROM FINANCING ACTIVITIES	22	63,997	877,466
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR	24,25	1,151,453	520,625
Cash and cash equivalents at the beginning of the year	24,25	2,605,775	2,085,150
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24, 25	3,757,228	2,605,775

The notes on pages 35 to 71 form part of these financial statements

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Reach South 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 Academy Trust to continue as a Going Concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a Going Concern, thus they continue to adopt the Going Concern basis of accounting in preparing the financial statements.

1.3 INCOME

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

• **Grants**

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

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

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

• **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year 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.

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME (CONTINUED)

- **Other income**

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

- **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing Academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing Academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

1.4 EXPENDITURE

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

- **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.

All resources expended are inclusive of irrecoverable VAT.

1.5 INTEREST RECEIVABLE

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

1.6 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 Part 11, chapter 3 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.

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

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold property	- Land: not depreciated; Buildings: 50 years straight line
Long-term leasehold property	- Land: 125 years/lease term; Buildings: 50 years straight line
Motor vehicles	- 20% straight Line
Computer equipment	- 33% straight Line
Furniture and equipment	- 25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.10 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.

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

1. ACCOUNTING POLICIES (continued)

1.11 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.13 PENSIONS

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.

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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. ACCOUNTING POLICIES (continued)

1.14 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 31.

1.15 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 the funders where the asset acquired or created is held for a specific purpose.

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

The transfer from existing Academy Trust's to the Trust involved the transfer of identifiable assets and liabilities and the operation of the school 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 Plymouth School of Creative Arts 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 Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
DONATIONS				
Transfers from existing Academy Trusts	-	(2,191,470)	18,332,085	16,140,615
PNA reduction on conversion	-	-	-	-
TRANSFERS FROM EXISTING ACADEMY TRUSTS	-	(2,191,470)	18,332,085	16,140,615
Donations	7,816	58,576	-	66,392
Capital Grants	-	745,927	87,874	833,801
SUBTOTAL	7,816	804,503	87,874	900,193
	7,816	(1,386,967)	18,419,959	17,040,808

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
DONATIONS				
Transfers from existing Academy Trusts	324,300	(1,496,439)	25,644,472	24,472,333
PNA reduction on conversion	-	250,000	-	250,000
TRANSFERS FROM EXISTING ACADEMY TRUSTS	324,300	(1,246,439)	25,644,472	24,722,333
Donations	100,793	227,799	-	328,592
Capital Grants	-	800,013	315,244	1,115,257
SUBTOTAL	100,793	1,027,812	315,244	1,443,849
	425,093	(218,627)	25,959,716	26,166,182

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Education	68,068	28,161,844	28,229,912
Nursery	397,720	-	397,720
Boarding	-	505,626	505,626
	<u>465,788</u>	<u>28,667,470</u>	<u>29,133,258</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Education	137,341	23,404,715	23,542,056
Nursery	363,280	-	363,280
Boarding	-	560,624	560,624
	<u>500,621</u>	<u>23,965,339</u>	<u>24,465,960</u>
TOTAL 2019			

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

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATION

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA GRANTS			
General Annual Grant (GAG)	-	20,517,894	20,517,894
Sponsorship Grant	-	150,000	150,000
Other DfE Group grants	-	4,234,197	4,234,197
	-	24,902,091	24,902,091
OTHER GOVERNMENT GRANTS			
High Needs	-	3,026,893	3,026,893
Other government grants	-	166,201	166,201
	-	3,193,094	3,193,094
OTHER FUNDING			
Sales to students	7,284	7,114	14,398
Other	60,784	43,475	104,259
	68,068	50,589	118,657
EXCEPTIONAL GOVERNMENT FUNDING			
Coronavirus Job Retention Scheme grant	-	16,070	16,070
	-	16,070	16,070
	68,068	28,161,844	28,229,912

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Exceptional government funding".

- The Academy furloughed some of its staff under the government's CJRS. The funding received of £16k relates to staff costs in respect of 14 staff which are included within note 10 below as appropriate.

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATION (CONTINUED)

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA GRANTS			
General Annual Grant (GAG)	-	16,775,180	16,775,180
Sponsorship Grant	-	250,000	250,000
Other DfE Group grants	-	3,198,866	3,198,866
	-	20,224,046	20,224,046
OTHER GOVERNMENT GRANTS			
High Needs	-	3,009,336	3,009,336
Other government grants	-	171,333	171,333
	-	3,180,669	3,180,669
OTHER FUNDING			
Sales to students	20,522	-	20,522
Other	116,819	-	116,819
	137,341	-	137,341
	137,341	23,404,715	23,542,056

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Lettings	34,157	-	34,157
External catering	36,545	-	36,545
Fees received	217,539	81,122	298,661
	288,241	81,122	369,363

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

6. INCOME FROM OTHER TRADING ACTIVITIES (CONTINUED)

	Unrestricted funds 2019 £	Total funds 2019 £
Lettings	32,969	32,969
External catering	20,881	20,881
Fees received	337,897	337,897
	<u>391,747</u>	<u>391,747</u>

7. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	1,638	1,638	1,616
	<u>1,638</u>	<u>1,638</u>	<u>1,616</u>

All prior year amounts relate to unrestricted funds.

8. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Education:				
Direct costs	16,556,994	994,674	972,149	18,523,817
Support costs	8,576,354	2,609,517	2,974,724	14,160,595
Nursery:				
Direct costs	342,638	26,236	1,847	370,721
Support costs	517	20,271	15,045	35,833
Boarding:				
Direct costs	-	-	2,427	2,427
Support costs	436,327	27,998	23,331	487,656
	<u>25,912,830</u>	<u>3,678,696</u>	<u>3,989,523</u>	<u>33,581,049</u>

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

8. EXPENDITURE (CONTINUED)

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Education:				
Direct costs	12,238,351	994,674	1,999,383	15,232,408
Support costs	6,474,325	2,668,332	3,514,393	12,657,050
Nursery:				
Direct costs	343,787	27,941	526	372,254
Support costs	-	11,333	16,166	27,499
Boarding:				
Direct costs	-	-	9,368	9,368
Support costs	465,243	17,546	49,388	532,177
	<u>19,521,706</u>	<u>3,719,826</u>	<u>5,589,224</u>	<u>28,830,756</u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Education	18,523,817	14,160,595	32,684,412
Nursery	370,721	35,833	406,554
Boarding	2,427	487,656	490,083
	<u>18,896,965</u>	<u>14,684,084</u>	<u>33,581,049</u>

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Education	15,232,408	12,657,050	27,889,458
Nursery	372,254	27,499	399,753
Boarding	9,368	532,177	541,545
	<u>15,614,030</u>	<u>13,216,726</u>	<u>28,830,756</u>

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

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2020 £	Nursery 2020 £	Boarding 2020 £	Total funds 2020 £
Staff costs	8,387,967	516	436,327	8,824,810
Depreciation	916,629	-	-	916,629
Staff development	123,345	606	1,640	125,591
Other costs	56,856	160	-	57,016
Recruitment and support	131,117	-	200	131,317
Maintenance of premises and equipment	521,679	12,711	13,912	548,302
Cleaning	299,844	2,505	-	302,349
Rent and rates	227,577	1,212	2,453	231,242
Energy costs	290,247	1,415	11,633	303,295
Insurance	150,647	929	-	151,576
Security and transport	215,274	1,499	-	216,773
Catering	727,472	2,352	13,993	743,817
Technology costs	418,153	3,084	-	421,237
Office overheads	372,954	2,202	3,117	378,273
Professional services	1,191,616	6,613	4,381	1,202,610
Bank interest and charges	3,058	29	-	3,087
Legal - other	49,758	-	-	49,758
Governance costs	76,402	-	-	76,402
	<u>14,160,595</u>	<u>35,833</u>	<u>487,656</u>	<u>14,684,084</u>

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

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs (continued)

	Education 2019 £	Nursery 2019 £	Boarding 2019 £	Total funds 2019 £
Staff costs	7,397,325	-	465,243	7,862,568
Depreciation	564,044	-	-	564,044
Staff development	116,718	1,996	-	118,714
Other costs	37,762	25	-	37,787
Recruitment and support	150,335	-	350	150,685
Maintenance of premises and equipment	447,581	5,226	9,342	462,149
Cleaning	280,048	2,948	-	282,996
Rent and rates	496,531	846	4,413	501,790
Energy costs	309,498	1,563	11,309	322,370
Insurance	138,854	587	-	139,441
Security and transport	186,239	163	1,824	188,226
Catering	631,915	3,113	24,996	660,024
Technology costs	370,820	1,461	-	372,281
Office overheads	302,147	1,914	301	304,362
Professional services	1,102,865	7,657	14,399	1,124,921
Bank interest and charges	3,906	-	-	3,906
Legal - other	76,632	-	-	76,632
Governance costs	43,830	-	-	43,830
	<u>12,657,050</u>	<u>27,499</u>	<u>532,177</u>	<u>13,216,726</u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	234,482	104,043
Depreciation of tangible fixed assets	1,937,539	1,586,659
Fees paid to auditors for:		
- audit	27,635	22,435
- other services	22,343	29,350

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

11. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2020	2019
	£	£
Wages and salaries	18,086,780	15,556,336
Social security costs	1,568,165	1,271,661
Pension costs	5,555,563	3,978,062
	25,210,508	20,806,059
Agency staff costs	535,544	552,474
Staff restructuring costs	166,778	173,647
	25,912,830	21,532,180

Staff restructuring costs comprise:

	2020	2019
	£	£
Redundancy payments	117,476	162,945
Severance payments	45,894	10,702
Other restructuring costs	3,408	-
	166,778	173,647

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £31,840 (2019: £10,702). Individually, the payments were £7,000, £19,338 and £5,502.

c. STAFF NUMBERS

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

	2020	2019
	No.	No.
Teachers	353	265
Educational Support	485	394
Administration and Support	173	71
Management	7	5
	1,018	735

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

11. STAFF (CONTINUED)

d. HIGHER PAID STAFF

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2020	2019
	No.	No.
In the band £60,001 - £70,000	5	3
In the band £70,001 - £80,000	7	5
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	2	1
In the band £100,001 - £110,000	1	1
In the band £150,001 - £160,000	-	1
In the band £160,001 - £170,000	1	-
	=====	=====

e. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £607,913 (2019 £523,972).

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

12. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Financial management and planning systems
- Accountancy, Human Resources, Health & Safety, Payroll, Pension and ICT support
- Estates strategic management and capital improvement
- Events management and administration
- Governance support
- Policy development
- Associate school leader
- School Performance Management
- Risk management
- School leadership development and training
- School leadership performance management
- Liaison with regulators and policy makers (DfE, ESFA, Regional Schools' Commissioner, OFSTED, Charities Commission and Companies House)
- Liaison with trade unions
- Media and publicity management
- Crisis management

The Academy Trust charges for these services on the following basis:

The Academy Trust allocates 6.5% of its total GAG income for the provision of these central services.

A notional monetary value of these services for each Academy is based on an assumption that their share of the total value reflects the funding formula used by the ESFA to calculate individual Academy GAGs. In practice services are provided to each Academy on a basis of basic need for all with additional support targeted and prioritised to meet the actual needs of each Academy.

The actual amounts charged during the year were as follows:

	2020	2019
	£	£
Drake Primary Academy	56,955	54,169
Goosewell Academy	137,920	131,131
High Street Primary Academy	50,283	54,265
Marlborough Primary Academy	57,991	52,455
Morice Town Primary Academy	58,603	56,570
Pilgrim Primary Academy	104,536	94,373
Stoke Damerel Primary Academy	106,538	95,827
Stuart Road Primary Academy	50,830	50,694
Hill View Primary Academy	151,260	140,572
Malmesbury Park Primary Academy	163,133	150,128
The Springfields Academy	193,746	164,475
Parkfield School	126,913	-
UTC Plymouth	58,046	-
Millbay Academy	168,780	-
TOTAL	1,485,534	1,044,659

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

13. TRUSTEES' REMUNERATION AND EXPENSES

The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: D Ashton: remuneration £160,000 - £165,000 (2019: £155,000 - £160,000), Employer's pension contributions £5,000 - £10,000 (2019: £25,000 - £30,000). Other related party transactions involving the Trustees are set out in note 30.

During the year, no Trustees received any benefits in kind (2019: £NIL)

During the year ended 31 August 2020, expenses totalling £591 were reimbursed or paid directly to 4 Trustees (2019: £2,197 to 7 Trustees).

14. TRUSTEES' AND OFFICERS' INSURANCE

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

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

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST						
At 1 September 2019	30,405,713	44,479,414	1,290,881	462,733	39,220	76,677,961
Additions	184,169	150,595	242,880	291,835	-	869,479
Transfers on conversion	18,125,000	-	128,510	78,575	-	18,332,085
At 31 August 2020	48,714,882	44,630,009	1,662,271	833,143	39,220	95,879,525
DEPRECIATION						
At 1 September 2019	887,799	1,124,718	437,088	239,038	9,783	2,698,426
Charge for the year	658,865	743,305	353,182	174,343	7,844	1,937,539
At 31 August 2020	1,546,664	1,868,023	790,270	413,381	17,627	4,635,965
NET BOOK VALUE						
At 31 August 2020	47,168,218	42,761,986	872,001	419,762	21,593	91,243,560
At 31 August 2019	29,517,914	43,354,696	853,793	223,695	29,437	73,979,535

Included in freehold property is land at cost of £7,300,000 (2019: £6,545,000) which is not depreciated.

16. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	130,720	169,368
Other debtors	62,358	2,462
Prepayments and accrued income	686,020	704,807
VAT recoverable	213,387	965,982
	1,092,485	1,842,619

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	345,557	633,770
Other taxation and social security	391,337	318,973
Other creditors	592,257	241,713
Accruals and deferred income	1,473,250	711,161
	<u>2,802,401</u>	<u>1,905,617</u>
	2020 £	2019 £
DEFERRED INCOME		
Deferred income at 1 September 2019	432,619	448,196
Resources deferred during the year	623,045	432,619
Amounts released from previous periods	(432,619)	(448,196)
Deferred income at 31 August 2019	<u>623,045</u>	<u>432,619</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, Rates Relief, Additional SEMH Funding and trips booked in advance for 2020/21.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Other creditors	574,248	802,706

Included within other creditors falling due after more than one year are amounts of £521,880 and £50,000 owed to the ESFA relating to deficits brought in on conversion in the previous year for Parkfield School and UTC Plymouth respectively.

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General Funds	767,404	763,483	(736,266)	-	-	794,621
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	79,463	20,284,924	(20,166,468)	(287,017)	-	(89,098)
High Needs	-	3,381,331	(3,381,331)	-	-	-
Pupil Premium	-	1,766,905	(1,767,391)	486	-	-
Other DfE/ ESFA	20,000	2,453,765	(2,439,782)	21,156	-	55,139
Devolved Formula Capital (DFC)	121,020	122,520	(11,096)	(179,587)	-	52,857
School Condition Allocation (SCA)	559,085	623,407	(404,897)	(227,705)	-	549,890
Other government grants	-	165,488	(158,899)	-	-	6,589
Other	-	518,285	(447,960)	807	-	71,132
Strategic School Improvement Fund (SSIF)	51,420	5,000	(56,420)	-	-	-
Pension reserve	(14,817,000)	(1,960,000)	(2,073,000)	-	(1,132,000)	(19,982,000)
	(13,986,012)	27,361,625	(30,907,244)	(671,860)	(1,132,000)	(19,335,491)

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion or from existing Trusts	72,999,558	18,332,085	(1,748,475)	-	-	89,583,168
Capital funding transferred on conversion or from existing Trusts	315,893	-	(40,633)	(21,156)	-	254,104
Fixed assets purchased from GAG	128,879	-	(35,562)	285,724	-	379,041
Devolved Formula Capital	161,322	-	(59,648)	179,587	-	281,261
School Condition Allocation	184,556	-	(19,637)	227,705	-	392,624
Other	331,006	87,874	(33,584)	-	-	385,296
	<u>74,121,214</u>	<u>18,419,959</u>	<u>(1,937,539)</u>	<u>671,860</u>	<u>-</u>	<u>91,275,494</u>
TOTAL RESTRICTED FUNDS	<u>60,135,202</u>	<u>45,781,584</u>	<u>(32,844,783)</u>	<u>-</u>	<u>(1,132,000)</u>	<u>71,940,003</u>
TOTAL FUNDS	<u>60,902,606</u>	<u>46,545,067</u>	<u>(33,581,049)</u>	<u>-</u>	<u>(1,132,000)</u>	<u>72,734,624</u>

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

Restricted Funds

General Annual Grant

Income from the ESFA which is to be used for the normal running costs of the Academy Trust, including education and support costs.

Restricted funds on transfer into Trust

Revenue deficit transferred in from existing Trusts joining the Trust.

High Needs

Funding received by the Local Authority to fund further support for students with additional needs.

19. STATEMENT OF FUNDS (CONTINUED)

Pupil Premium

Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy Trust to address the current underlying inequalities between those children and their wealthier peers.

Other DfE/ESFA

Includes the Sports and PE Grant that must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles; Universal Infant Free School Meal (UIFSM) income for the provision of free school meals for infants; and rebrokerage grants received in respect of taking on schools/academies into the Academy Trust.

Devolved Formula Capital (DFC)

This represents funding from the ESFA to cover the maintenance of the Trust's assets.

School Condition Allocation (SCA)

This represents funding from the ESFA to cover the maintenance of the Trust's assets.

Other government grants

This represents funding from the Local Authority in respect of PAN expansion to support the increase in the Academy Trust's published admission number.

Other

This represents the income in respect of restricted donations and trips.

Strategic School Improvement Fund (SSIF)

This represents funding from the ESFA to support school improvement.

Pension reserve

This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

Restricted Fixed Asset Funds

Fixed assets transferred on conversion or from existing Trusts

This represents the land, buildings, furniture and equipment donated to the Academy Trust from the Local Authority on conversion to an Academy Trust or from existing Academy Trusts on transfer into the Trust.

Capital funding transferred on conversion or from existing Trusts

This represents the element of the cash transferred across on conversion or transfer that was previously set aside for capital purposes.

Devolved Formula Capital

This represents funding from the ESFA to cover the purchase of the Trust's assets.

School Condition Allocation

This represents funding from the ESFA to cover the purchase of the Trust's assets.

Other

This represents donations received to be spent on capital assets.

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

19. STATEMENT OF FUNDS (CONTINUED)

Other Information

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by Academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Drake Primary Academy	49,411	2,189
Goosewell Primary Academy	150,432	158,483
High Street Primary Academy	198,174	77,734
Hill View Primary Academy	319,155	218,091
Malmesbury Park Primary Academy	608,116	486,332
Marlborough Primary Academy	155,178	121,413
Morice Town Primary Academy	162,169	128,348
Pilgrim Primary Academy	310,210	210,671
The Springfields Academy	145,140	114,484
Stoke Damerel Primary Academy	307,354	270,343
Stuart Road Primary Academy	56,387	36,412
Parkfield School	(280,558)	(109,084)
UTC Plymouth	(325,545)	(265,997)
Millbay Academy	(474,301)	-
Central Function	59,808	148,973
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,441,130	1,598,392
Restricted fixed asset fund	91,275,494	74,121,214
Pension reserve	(19,982,000)	(14,817,000)
	<hr/>	<hr/>
TOTAL	72,734,624	60,902,606
	<hr/> <hr/>	<hr/> <hr/>

The following Academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Parkfield School	(280,558)
UTC Plymouth	(325,545)
Millbay Academy	(474,301)
	<hr/> <hr/>

UTC Plymouth, Parkfield and Millbay Academy all report deficits. This is due to legacy deficit positions held at the point of joining the Trust. The Trust has deficit recovery plans in place, agreed with the ESFA, for each academy. All three are expected to operate at a deficit while they undergo significant educational improvements to drive the pupil growth needed for financial stability.

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

19. STATEMENT OF FUNDS (CONTINUED)

TOTAL COST ANALYSIS BY ACADEMY

Expenditure incurred by each Academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation and pension £	Total 2020 £
Drake Primary Academy	524,738	260,319	17,161	150,302	952,520
Goosewell Primary Academy	1,529,506	508,425	60,550	266,408	2,364,889
High Street Primary Academy	438,352	211,892	33,244	128,902	812,390
Hill View Primary Academy	1,395,857	524,904	84,981	333,093	2,338,835
Malmesbury Park Primary Academy	1,820,509	617,060	86,203	375,132	2,898,904
Marlborough Primary Academy	465,443	268,127	4,514	170,936	909,020
Morice Town Primary Academy	595,917	225,301	29,871	204,703	1,055,792
Pilgrim Primary Academy	1,105,029	396,524	39,413	251,698	1,792,664
The Springfields Academy	2,442,364	1,399,165	78,290	535,577	4,455,396
Stoke Damerel Primary Academy	968,300	390,893	64,811	291,092	1,715,096
Stuart Road Primary Academy	533,909	158,671	15,288	168,515	876,383
Parkfield School	1,313,491	437,885	38,935	374,746	2,165,057
UTC Plymouth	770,990	354,031	70,345	267,197	1,462,563
Millbay Academy	1,613,196	932,375	55,723	352,006	2,953,300
Central Function	463,031	1,562,472	1,094	791,104	2,817,701
ACADEMY TRUST	15,980,632	8,248,044	680,423	4,661,411	29,570,510

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FOR THE YEAR ENDED 31 AUGUST 2020

19. STATEMENT OF FUNDS (CONTINUED)

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation and pension £	Total 2019 £
Drake Primary Academy	498,137	308,989	38,715	146,233	992,074
Goosewell Primary Academy	1,543,252	441,365	113,591	284,287	2,382,495
High Street Primary Academy	446,677	246,779	123,831	192,060	1,009,347
Hill View Primary Academy	1,320,416	529,237	128,083	307,125	2,284,861
Malmesbury Park Primary Academy	1,702,730	605,900	129,831	377,492	2,815,953
Marlborough Primary Academy	591,053	257,315	26,185	174,946	1,049,499
Morice Town Primary Academy	566,518	185,661	37,538	223,892	1,013,609
Pilgrim Primary Academy	977,746	379,591	57,110	258,551	1,672,998
The Springfields Academy	1,951,315	1,236,047	134,542	656,776	3,978,680
Stoke Damerel Primary Academy	863,861	313,643	93,772	304,154	1,575,430
Stuart Road Primary Academy	450,373	221,361	44,197	176,689	892,620
Parkfield School	1,253,430	451,793	197,722	653,818	2,556,763
UTC Plymouth	286,603	362,735	60,726	214,022	924,086
Central Function	130,027	1,399,152	15,431	820,072	2,364,682
ACADEMY TRUST	12,582,138	6,939,568	1,201,274	4,790,117	25,513,097

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

19. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds	751,116	1,319,077	(895,685)	(407,104)	-	767,404
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	242,029	16,295,675	(16,742,653)	284,412	-	79,463
High Needs	-	3,569,960	(3,569,960)	-	-	-
Pupil Premium	-	1,569,709	(1,569,709)	-	-	-
Other DfE/ ESFA	209,039	1,866,243	(2,055,282)	-	-	20,000
Devolved Formula Capital (DFC)	33,181	294,087	(59,161)	(147,087)	-	121,020
School Condition Allocation (SCA)	399,648	505,926	(172,955)	(173,534)	-	559,085
Other government grants	-	171,333	(171,333)	-	-	-
Other	-	227,799	(227,799)	-	-	-
Strategic School Improvement Fund (SSIF)	-	99,980	(48,560)	-	-	51,420
Pension reserve	(9,414,000)	(854,000)	(1,731,000)	-	(2,818,000)	(14,817,000)
	<u>(8,530,103)</u>	<u>23,746,712</u>	<u>(26,348,412)</u>	<u>(36,209)</u>	<u>(2,818,000)</u>	<u>(13,986,012)</u>

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

19. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion or from existing Trusts	48,940,724	25,579,979	(1,521,145)	-	-	72,999,558
Capital funding transferred on conversion or from existing Trusts	263,974	64,493	(12,574)	-	-	315,893
Fixed assets purchased from GAG	23,332	-	(12,021)	117,568	-	128,879
Devolved Formula Capital	30,614	-	(16,379)	147,087	-	161,322
School Condition Allocation	26,404	-	(15,382)	173,534	-	184,556
Other	19,796	315,244	(9,158)	5,124	-	331,006
	<u>49,304,844</u>	<u>25,959,716</u>	<u>(1,586,659)</u>	<u>443,313</u>	<u>-</u>	<u>74,121,214</u>
TOTAL RESTRICTED FUNDS	<u>40,774,741</u>	<u>49,706,428</u>	<u>(27,935,071)</u>	<u>407,104</u>	<u>(2,818,000)</u>	<u>60,135,202</u>
TOTAL FUNDS	<u><u>41,525,857</u></u>	<u><u>51,025,505</u></u>	<u><u>(28,830,756)</u></u>	<u><u>-</u></u>	<u><u>(2,818,000)</u></u>	<u><u>60,902,606</u></u>

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	91,243,560	91,243,560
Current assets	2,981,550	1,836,230	31,934	4,849,714
Creditors due within one year	(2,186,929)	(615,473)	-	(2,802,402)
Creditors due in more than one year	-	(574,248)	-	(574,248)
Provisions for liabilities and charges	-	(19,982,000)	-	(19,982,000)
TOTAL	794,621	(19,335,491)	91,275,494	72,734,624

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	73,979,535	73,979,535
Current assets	788,114	3,518,601	141,679	4,448,394
Creditors due within one year	(20,710)	(1,884,907)	-	(1,905,617)
Creditors due in more than one year	-	(802,706)	-	(802,706)
Provisions for liabilities and charges	-	(14,817,000)	-	(14,817,000)
TOTAL	767,404	(13,986,012)	74,121,214	60,902,606

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

21. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	12,964,018	22,194,749
ADJUSTMENTS FOR:		
Depreciation	1,937,538	1,586,659
Capital grants from DfE and other capital income	(833,801)	(1,115,257)
Dividends, interest and rents from investments	(1,638)	(1,616)
Defined benefit pension scheme obligation inherited	1,960,000	854,000
Defined benefit pension scheme cost less contributions payable	1,777,000	604,000
Defined benefit pension scheme finance cost	296,000	273,000
Decrease in stocks	-	2,211
Decrease/(increase) in debtors	933,850	(167,154)
Increase/(decrease) in creditors	189,143	(82,416)
Net income on assets and liabilities from existing Trusts transferred in	(18,100,615)	(24,722,333)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	1,121,495	(574,157)

22. CASH FLOWS FROM FINANCING ACTIVITIES

	2020 £	2019 £
Cash received from existing Trusts transferred in	63,997	877,466

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Dividends, interest and rents from investments	1,638	1,616
Purchase of tangible fixed assets	(869,478)	(899,557)
Capital grants from DfE Group	833,801	1,115,257
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(34,039)	217,316

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	3,757,228	2,605,775

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

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	Acquisition and disposal of subsidiaries £	At 31 August 2020 £
Cash at bank and in hand	2,605,775	1,087,456	63,997	3,757,228
	<u>2,605,775</u>	<u>1,087,456</u>	<u>63,997</u>	<u>3,757,228</u>

26. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council Pension Fund, Wiltshire Pension Fund and Dorset County Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £452,131 were payable to the schemes at 31 August 2020 (2019 - £308,026) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

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

26. PENSION COMMITMENTS (CONTINUED)

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £1,902,356 (2019 - £1,823,900).

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

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,771,000 (2019 - £1,426,000), of which employer's contributions totalled £1,402,000 (2019 - £1,105,000) and employees' contributions totalled £ 369,000 (2019 - £321,000). The agreed contribution rates for future years are 15.3 per cent for employers and 5-12.5 per cent for employees.

As described, the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the Balance Sheet date.

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

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

26. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.07	3.25
Rate of increase for pensions in payment/inflation	2.27	2.24
Discount rate for scheme liabilities	1.63	1.85

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

	2020 Years	2019 Years
<i>RETIRING TODAY</i>		
Males	21.7 - 23.3	21.4 - 22.9
Females	24.0 - 24.8	23.7 - 24.8
<i>RETIRING IN 20 YEARS</i>		
Males	22.5 - 24.7	22.3 - 24.6
Females	25.5 - 26.2	25.1 - 26.7

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

	2020 £	2019 £
Equities	10,146,000	9,445,000
Gilts	2,995,000	1,401,000
Property	1,747,000	1,630,000
Cash and other liquid assets	127,000	285,000
Other	2,845,000	2,237,000
Total market value of assets	17,860,000	14,998,000

The actual return on scheme assets was £(97,000) (2019 - £788,000).

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

	2020 £	2019 £
Current service cost	(3,017,000)	(2,201,000)
Past service cost	(162,000)	(362,000)
Interest income	299,000	359,000
Interest cost	(595,000)	(632,000)
Total amount recognised in the Statement of Financial Activities	(3,475,000)	(2,836,000)

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

26. PENSION COMMITMENTS (CONTINUED)

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

	2020 £	2019 £
At 1 September	29,814,000	21,491,000
Transferred in on existing Academies joining the Trust	3,085,000	1,593,000
Current service cost	3,017,000	2,201,000
Interest cost	595,000	632,000
Employee contributions	369,000	321,000
Actuarial gains	754,000	3,397,000
Benefits paid	46,000	(183,000)
Past service cost	162,000	362,000
At 31 August	37,842,000	29,814,000

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

	2020 £	2019 £
At 1 September	14,997,000	12,077,000
Transferred in on existing Academies joining the Trust	1,125,000	739,000
Interest income	299,000	359,000
Actuarial gains	(378,000)	579,000
Employer contributions	1,402,000	1,105,000
Employee contributions	369,000	321,000
Benefits paid	46,000	(183,000)
At 31 August	17,860,000	14,997,000

27. OPERATING LEASE COMMITMENTS

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

	2020 £	2019 £
Amounts payable		
Not later than 1 year	212,238	98,315
Later than 1 year and not later than 5 years	420,648	276,048
Later than 5 years	162,536	118,245
	795,422	492,608

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

28. 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.

29. GENERAL INFORMATION

Reach South Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is UTC Plymouth, Park Avenue, Devonport, Plymouth, England, PL1 4RL.

30. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 13.

31. AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 17.

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

32. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

Plymouth School of Creative Arts

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
INTANGIBLE ASSETS			
TANGIBLE FIXED ASSETS			
Freehold property	12,669,964	5,455,036	18,125,000
Furniture and equipment	128,510	-	128,510
Computer equipment	78,575	-	78,575
CURRENT ASSETS			
Debtors due within one year	183,716	-	183,716
Cash at bank and in hand	63,997	-	63,997
LIABILITIES			
Creditors due within one year	(479,183)	-	(479,183)
PENSIONS			
Pensions - pension scheme liabilities	(1,960,000)	-	(1,960,000)
NET ASSETS	<u>10,685,579</u>	<u>5,455,036</u>	<u>16,140,615</u>

Plymouth School of Creative Arts joined the Trust on 1 March 2020. It was subsequently renamed Millbay Academy.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

33. ACADEMY BOARDING TRADING ACCOUNT

	2020 £	2020 £	2019 £	2019 £
INCOME				
Boarding income	505,626		560,624	
INCOME		505,626		560,624
DIRECT COSTS				
Educational supplies	2,427		9,368	
SUPPORT COSTS				
Recruitment and support	200		350	
Maintenance of premises and equipment	13,912		9,342	
Rent and rates	2,453		4,413	
Energy costs	11,633		11,309	
Security and transport	13,993		1,824	
Catering	13,993		24,996	
Office overheads	3,117		301	
Legal and professional fees	4,381		14,399	
Wages and salaries	324,254		351,304	
National insurance	26,874		29,854	
Pension costs	85,199		84,085	
Staff development	1,640		-	
TOTAL SUPPORT EXPENDITURE	501,649		532,177	
TOTAL EXPENDITURE		504,076		541,545
SURPLUS/(DEFICIT) FOR THE PERIOD		1,550		19,079
Boarding school balances at 1 September 2019		19,079		-
BOARDING SCHOOL BALANCES AT 31 AUGUST 2020		20,629		19,079